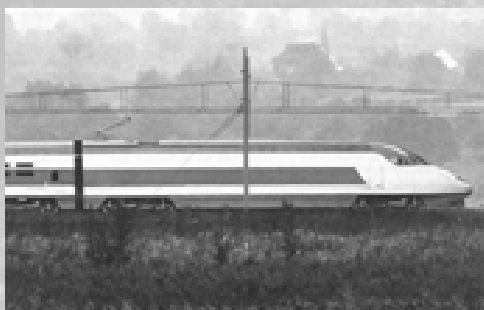


The Governor's Blue Ribbon

Task Force on Passenger Rail Service

final report



February 2001

The Governor's Blue Ribbon

Task Force on Passenger Rail Service

Table of contents

Letter from Secretary Mulcahy to Governor McCallum	5
-----------------------------------------------------------------	----------

Task Force members and staff	7
-------------------------------------------	----------

Section 1: Intercity rail service

Executive summary	10
--------------------------------	-----------

Full report	16
--------------------------	-----------

1. Background	16
2. The Midwest Regional Rail Initiative	19
3. Task Force findings	26
4. Principles for intercity passenger rail	27
5. Recommendations	29

Section 2: Commuter rail service

Executive summary	32
--------------------------------	-----------

Full report	37
--------------------------	-----------

1. Introduction	37
2. Definition and guiding principles for commuter rail	40
3. Current commuter rail studies	41
4. Commuter rail benefits	45
5. Task Force findings related to commuter rail	45
6. Key commuter rail issues	48
7. Conclusion/next steps	57

Appendices

Appendix A: Text of Executive Order	60
Appendix B: Transportation Finance Study Committee recommendations	61
Appendix C: Potential auto diversion related to commuter rail	62
Appendix D: Commuter rail capital and operating cost scenarios	
-full text	63
-summary sheet	68
Appendix E: Governance options for commuter rail or regional transit	69
Appendix F: Local option taxes and fees	75
Appendix G: Partial list of materials provided to the Task Force	
-in 1999	79
-in 2000	80



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Scott McCallum
Governor

Terrence D. Mulcahy, P.E.
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February 2001

Governor Scott McCallum
125 South, State Capitol
Madison, WI 53707

Dear Governor McCallum:

I am pleased to submit the Final Report of the Governor's Blue Ribbon Task Force on Passenger Rail Service. I think this report will provide you with a solid overview of the passenger rail issues facing Wisconsin.

Tremendous effort was put forth by the Task Force over the last 20 months to address many of the complex issues related to passenger rail. I think you will find that the hard work of the Task Force has resulted in a thorough discussion of the issues facing implementation of passenger rail service in Wisconsin. The Task Force members should be commended for their hard work and ability to work together on this critical transportation issue.

In Governor Thompson's Executive Order that created the Task Force, he directed us to review existing and planned passenger rail services, discuss the appropriate government roles to support passenger rail, examine current state and federal laws related to passenger rail, and evaluate possible funding sources for passenger rail. The Task Force concluded that the issues listed in the Executive Order should be reviewed separately for intercity rail service and for commuter rail service. The format of the report follows this separation. The Task Force's work related to intercity rail is presented first, followed by the commuter section.

The Task Force recommends that Wisconsin should continue to move ahead with the initial phase of the Midwest Regional Rail Initiative. For commuter rail service, the Task Force was unable to come to consensus on a single set of recommendations. Instead, it has described the key commuter rail issues and the prevailing perspectives of Task Force members related to those issues in great detail. This information should provide the background information needed by you and the Legislature. However, the Task Force realizes that Wisconsin cannot implement either an intercity or commuter rail system on its own. A strong financial commitment from the federal government is a must.

Finally, the Task Force also recognizes that passenger rail is just one part of our total transportation system. The Task Force recommends that any state funds used for passenger rail implementation not come at the expense of current funding for other transportation modes. State revenue sources such as the existing \$50 million in bonding authority should be utilized for intercity rail, but other "base broadening" state revenue sources should be investigated to address additional rail needs.

As we move into the new millennium, passenger rail service should become a vital component of our 21st century transportation system. I think this report identifies the key issues Wisconsin must address to make passenger rail service part of that system.

Sincerely,

A handwritten signature in black ink, appearing to read "Terrence D. Mulcahy".

Terrence D. Mulcahy, P.E.
WisDOT Secretary and Task Force Chair

cc: Members of the Governor's Blue Ribbon Task Force on Passenger Rail Service

The Governor's Blue Ribbon

Task Force on Passenger Rail Service

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Section 1: Intercity rail service

final report

Intercity rail service Executive summary

...Intercity
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infrastructure...



Section 1: Intercity rail service Executive summary

1. Background

In March of 1999, Wisconsin Governor Tommy Thompson created the Governor's Blue Ribbon Task Force on Passenger Rail Service (hereafter referred to as "Task Force"). The Governor charged the 25 member Task Force to review existing and planned passenger rail services, determine appropriate government roles to support passenger rail, examine current state and federal laws related to passenger rail, and evaluate possible funding sources for passenger rail. The Governor requested the Task Force to make recommendations on passenger rail service in Wisconsin through an interim report in December of 1999, and a final report in early 2001.

The Task Force decided to focus on intercity passenger rail service in 1999, and review commuter rail issues in 2000. The Task Force held a series of monthly meetings to hear from state and national representatives on passenger rail, to review its own perspectives on passenger rail, and to develop a series of findings and recommendations included in this section of the final report.

2. Vision statement

Intercity high speed passenger rail should be a part of Wisconsin's multi-modal transportation system. Intercity passenger rail service must provide a viable transportation option for business, tourism and personal travel. It should provide a safe, dependable, attractive, well-connected, affordable, and reliable transportation option in city-to-city corridors. System operating revenues should cover operating costs. Passenger rail services in Wisconsin should improve access to city centers, promote commercial development opportunities, offer needed transportation alternatives, and make more efficient use of existing transportation infrastructure.

3. The Midwest Regional Rail Initiative

The Midwest Regional Rail Initiative (or “Midwest Rail”) is an ongoing effort to develop an expanded and improved intercity passenger rail system in nine Midwest states: Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Nebraska, Ohio and Wisconsin.

Midwest Rail calls for a 3,000 mile system of enhanced and expanded passenger rail services hubbed in Chicago. The initiative will include new service in some corridors, expansion of service in other systems, maximum train speeds of 110 mph, and acquisition of new trains with high quality amenities. The total capital cost of the system is estimated at \$4.1 billion, covering infrastructure improvements and equipment acquisition over an eight to twelve year buildup period.

The Midwest Rail sponsors and consultant team released a Draft Executive Report in 1998, which concluded that the Midwest Rail concept of a Chicago-based hub-and-spoke system is economically viable. The sponsors released a final report in 2000 that verified the financial feasibility of the Midwest Rail implementation plan.

Midwest Rail service in Wisconsin will provide a fast, dependable, self-sufficient regional alternative to auto and air service for business and leisure travelers. Midwest Rail will be a catalyst for increased economic development opportunities in city centers, lead to the creation of family sustaining direct and indirect jobs, and provide regional and national connectivity to Wisconsin’s business centers. Track, rail crossing and signal improvements will enhance both train and auto safety.

The Midwest Rail sponsors are seeking federal funds to cover 80 percent of the capital costs.

Midwest Regional Rail System Map



Midwest Rail represents a viable initiative for intercity passenger rail in Wisconsin, and thus is a primary focal point for the Task Force. In Wisconsin, Midwest Rail includes several services:

- Midwest Rail will enhance service in the Chicago–Milwaukee corridor, currently served by Amtrak’s *Hiawatha Service*, with additional train frequencies and increased speeds up to 110 mph.
- The initiative includes new 110 mph maximum-speed service from Milwaukee to Madison, and Madison to Minneapolis/St. Paul (Minnesota) via La Crosse.
- Midwest Rail will provide new service from Milwaukee to Green Bay through the Fox Valley with 79 mph top speeds.
- A feeder bus system will provide access from northern Wisconsin to the Midwest Rail system. Midwest Rail will also connect to other local transit services in urban areas.

The Wisconsin components of Midwest Rail require \$626 million in capital costs. Assuming a federal cost-share of 80 percent, Wisconsin’s state share for capital costs is estimated at \$125 million.

4. Midwest Rail Phase 1 service in Wisconsin

Phase 1 of the Midwest Rail implementation plan focuses on developing high speed rail service in three key corridors:

Chicago–Detroit, Chicago–St. Louis, and Chicago–Milwaukee–Madison–Twin Cities. Phase 1 features many service enhancements in Wisconsin:

- Phase 1 will introduce new 110 mph high speed service between Madison and Milwaukee with six daily round trips initially, eventually increased to ten daily round trips. Phase 1 also includes the purchase of new, high speed trains with high quality amenities.
- The Madison trains will continue on to Chicago, and overall service from Milwaukee to Chicago will increase from the current six daily round trips to ten round trips. Travel time in the Chicago–Milwaukee corridor will likely be reduced due to better acceleration and deceleration of new trains, as well as crossing and signal improvements.

- Phase 1 calls for a new station at General Mitchell International Airport in Milwaukee, with dedicated shuttle service from the train station to the airport terminal.
- Expected trip time between Madison and Chicago will be approximately 2 hours and 30 minutes.

Approximately \$184 million is needed to implement Phase 1 in Wisconsin. Analysis indicates that Phase 1 service in Wisconsin will achieve a positive operating ratio and operating surplus in its second year, even if other components of Midwest Rail are not implemented. The target start-up date for Phase 1 service is December of 2003.

5. Task Force findings

The Task Force received and discussed a wide range of information related to intercity passenger rail and transportation.

The Task Force developed a comprehensive list of findings that are summarized below, and are listed in full in chapter 3 of Section 1: Intercity rail service.

Findings related to intercity passenger rail

Intercity high speed passenger rail is a transportation option being pursued by many states in the Midwest and the nation. High speed passenger rail can provide an attractive and viable travel option in key intercity corridors, especially where air and auto travel is congested.

To maximize cost effectiveness and minimize financial risk, an intercity passenger rail system must utilize existing track and be implemented incrementally. Successful implementation will require strong partnerships with freight railroads and rail labor, as well as strong financial assistance from the federal government to implement a regionally-based, national high speed rail program.

Midwest Rail routes & feeder bus system in Wisconsin



Findings on the Midwest Regional Rail Initiative and Wisconsin components

Wisconsin has been a leading member of the Midwest Regional Rail Initiative and has developed an implementation plan for high speed passenger rail in the state. There remain a wide range of issues related to rail crossing safety, interstate compacts, cost-sharing arrangements, and agreements with the railroads that must be further addressed as part of the Midwest Rail implementation process.

Development of intercity passenger rail service in Wisconsin will not preclude the development of commuter rail systems. Implementation of intercity passenger rail service in Wisconsin will provide viable travel choices, may generate modest air quality improvements resulting from highway traffic diversion, and could help reduce future traffic growth rates.

Findings relating to funding

While the federal government is supportive of the high speed rail corridor concept, little federal funding is currently available to states for high speed rail development, although interest in developing funding mechanisms for high speed rail development is building. Between 1976 and 1998, the federal government provided \$4.5 billion for the Northeast Corridor Improvement project (\$8.1 billion in 1999 equivalent dollars), while requiring little state cost share.

The state of Wisconsin has a narrow funding base to support programs for all transportation modes. The state relies heavily on gas taxes and vehicle registration fees for transportation revenues. Other states use a wider range of state and federal funding sources to support existing intercity passenger rail service. Wisconsin does have some financing sources available for passenger rail, including \$50 million in bonding authority and \$1.25 million in federal rail crossing funds.

Findings on the barriers to the implementation of a high speed rail system in Wisconsin

The key barriers to implementation of high speed passenger rail service are the lack of a dedicated federal funding source, competition for limited transportation resources, the lack of an existing successful program from which to draw experiences, historic perceptions of Amtrak that may hinder future passenger rail development, and the narrow transportation revenue base in Wisconsin.

6. Recommendations

The Task Force makes a number of recommendations that focus on three key issues: state intercity passenger rail policy, the Wisconsin component of the Midwest Regional Rail Initiative, and funding for intercity passenger rail.

State intercity passenger rail policy

- Intercity rail is primarily a federal-state responsibility. The state, in a partnership with the federal government, should take the lead in the implementation of intercity passenger rail service. Local units of government should be involved in station improvements and associated development.
- Where appropriate, surrounding states should be involved in any intercity system that Wisconsin implements.
- An expanded intercity passenger rail system must not negatively impact the existing freight rail system, and should not negatively impact the future freight rail system.
- The state should work out, with the local units of government, issues such as rail crossings and station location and development.

...Midwest
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The initiative will
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of service
in other systems,
maximum
train speeds
of 110 mph...

...Expected
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Madison
and Chicago
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approximately
2 hours and
30 minutes...

- Wisconsin should work with other states to advocate the development of a national high speed rail program.
- A state intercity passenger rail system should operate at speeds up to 110 mph wherever possible and warranted.
- The state should develop criteria for prioritizing intercity passenger rail routes.

Wisconsin components of the Midwest Regional Rail Initiative

- The Midwest Regional Rail Initiative as presented meets the principles of the Task Force.
- The Task Force endorses the concept of the Midwest Regional Rail Initiative. As funds, primarily federal, are made available, Wisconsin should begin to implement Phase 1 of Midwest Rail (Madison to Milwaukee), and other segments, consistent with the time frame proposed in the initiative.
- In partnership with Midwest Rail sponsors and other states, Wisconsin should begin to evaluate possible train car specifications and train purchase funding scenarios.
- Wisconsin should continue to work with Amtrak to maintain and enhance the existing Chicago–Milwaukee *Hiawatha Service*.
- Wisconsin should negotiate firm implementation commitments from other states for each successive phase of Midwest Rail, to ensure the connectivity and synergies of the system.



Funding

- The federal government should provide at least 80% of the capital costs of intercity passenger rail implementation in Wisconsin. Wisconsin should continue to move forward with passenger rail planning and implementation to be well positioned to receive federal funds.
- The federal government should recognize all previous and current investments made by Wisconsin in Midwest Rail when determining state match levels for federal funds.
- Wisconsin should work with its congressional delegation and other states' delegations to develop a national high speed rail corridor funding source.
- The Midwest Regional Rail Initiative should receive equivalent federal funding terms as has the Northeast Corridor for capital funding.
- Wisconsin should seek federal funding for Amtrak capital at the fully authorized levels of \$989 million annually for FY 2001 and FY 2002 to support high speed rail. The increase, however, must not come at the expense of other transportation programs.
- Wisconsin should continue to review the feasibility of using innovative federal financing tools such as the Transportation Infrastructure Finance and Innovation Act (TIFIA) and other bonding proposals to support intercity passenger rail capital and operating costs.
- The state should provide the remaining 20% match for capital costs of intercity passenger rail in Wisconsin, and identify sources of funds for capital and/or operating expenses. State funding for intercity passenger rail must not come at the expense of other transportation programs, and efforts should be made to broaden the revenue base for state transportation programs.

- The state should consider the recommendations of the Transportation Finance Study Committee as possible funding options to support the state's share of intercity passenger rail implementation.
- The state should use the existing \$50 million in GPR bonding authority available for passenger rail improvements to support the Midwest Rail Phase 1 implementation in Wisconsin (Madison to Milwaukee). WisDOT should request approval to use this bonding authority in the current biennium to begin implementation of Phase 1.
- The state should consider sources such as GO bonding with GPR debt service and sales tax from transportation-related purchases to support intercity passenger rail development.
- The Governor should provide additional direction to the Legislature regarding other potential funding sources to support intercity passenger rail development.
- As appropriate, local governments and the private sector should provide some level of funding (e.g., for station developments or other improvements adjacent to the rail system). The state should provide incentives to encourage local units of government to participate in station improvements or related developments.



...Successful implementation will require strong partnerships with freight railroads and rail labor, as well as strong financial assistance from the federal government to implement a regionally-based, national high speed rail program...

...Wisconsin has been a leading member of the Midwest Regional Rail Initiative and has developed an implementation plan for high speed passenger rail in the state...

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Section 1: Intercity rail service Full report

1. Background

Creation and mission of the Task Force

In March of 1999, Wisconsin Governor Tommy Thompson created the Governor's Blue Ribbon Task Force on Passenger Rail Service (hereafter referred to as "Task Force"). Governor Thompson, who also serves as Chair of the Amtrak Reform Board, formed the Task Force through Executive Order Number 365 that included the following charges to the Task Force (see Appendix A):

- Review existing passenger rail services, current planning efforts and state and federal laws related to passenger rail;
- Determine an appropriate role for local, state and federal governments and the private sector in the potential expansion of passenger rail;
- Identify potential private sector and local, state and federal funding sources for passenger rail services;
- Provide recommendations for improvements to state and federal laws relating to passenger rail;

- Provide recommendations regarding the expansion of passenger rail service in Wisconsin; and
- Provide an Interim Report to the Governor by December 31, 1999 and a Final Report by early 2001.

The Task Force is comprised of 25 members representing a broad range of interests: the state legislature, local government, planning, the freight rail industry, Amtrak, transportation advocacy groups, business & commerce, and the tourism industry. Terry Mulcahy, the Secretary of the Wisconsin Department of Transportation, is the Chair of the Task Force.

The Task Force initially determined that the differences between intercity passenger rail and commuter rail services merited separate discussion of each topic. The Task Force decided to first address intercity passenger rail, primarily so as to provide the Governor with recommendations before the federal appropriations cycle for federal fiscal year 2001.

Task Force meetings and topics

The Task Force met monthly to hear reports on transportation issues related to intercity passenger rail service and discuss possible recommendations for implementing intercity passenger rail service in Wisconsin. Initial Task Force meetings focused on reviewing information to gain perspectives on intercity passenger rail issues in Wisconsin, and to consider roles of local, state and federal government, and the private sector. WisDOT speakers provided information on many aspects of passenger rail services:

- Definitions of various types of systems;
- An overview of existing passenger rail services and public support in the U.S. and Europe;
- Existing state and federal statutes regarding passenger rail; and
- A general overview of the Midwest Regional Rail Initiative, a proposed nine-state, 3,000 mile system of enhanced and expanded passenger rail service in the Midwest.

The Task Force then identified important issues related to intercity rail service and made decisions about other states or agencies that should be invited to present information.

In June, the Task Force heard presentations from representatives of Amtrak and the Federal Railroad Administration. David Carol, Vice President for High Speed Corridor Development for Amtrak, provided an historical overview of Amtrak, its current organizational structure, and its commitment to becoming “self sufficient” by 2003. Carol also discussed Amtrak’s perception of its role in the implementation of High Speed Rail corridors throughout the country and the assistance Amtrak could provide to promote and implement these corridors around the country (Amtrak has identified high speed rail implementation as a key to reaching and maintaining self sufficiency).

The Governor’s Blue Ribbon

Task Force on Passenger Rail Service

1999 Meetings

Meeting #1: April 26, 1999, Madison

Topics: Organization and introduction

Meeting #2 May 17, 1999, Madison

Topics: Intercity rail services and Midwest Rail

Guests: Ron Adams, WisDOT;
Randy Wade, WisDOT

Meeting #3: June 21, 1999, Milwaukee

Topics: Roles of Amtrak and FRA

Guests: David Carol, Amtrak;
Mark Yachmetz, FRA

Meeting #4: July 26, 1999, Madison

Topics: Passenger rail experience in other states

Guests: Ken Uznanski, Washington State DOT;
D.J. Mitchell, Burlington Northern Sante Fe;
Linda Wheeler, Illinois DOT

Meeting #5: August 23, 1999, Milwaukee

Topics: Passenger rail experience in other states

Guests: Tim Hoeffner, Michigan DOT;
Casey Newman, WisDOT;
David Saikia, WisDOT

Meeting #6: September 27, 1999, Madison

Topics: Midwest Regional Rail Initiative

Guests: Randy Wade, WisDOT

Meeting #7: October 25, 1999, Milwaukee

Topics: Wisconsin transportation financing
perspectives on passenger rail

Guests: Sandy Beaupre, WisDOT

Meeting #8: November 22, Madison

Topics: Review of draft interim report

Meeting #9: December 20, Madison

Topics: Adoption of interim report

final report

Intercity rail service Full report

...Midwest
Rail will
utilize an
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implementation
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minimize total
capital costs
and result
in few negative
environmental
impacts...

...The network
will support
economic
growth by
providing an
effective
downtown
-to-downtown
regional travel
option, and
create business
development
opportunities
in and around
stations...

Also at the June meeting, Mark Yachmetz, Director of the Office of Passenger Programs for the Federal Railroad Administration (FRA) presented an overview of the agency's structure, its role related to Amtrak, the potential for high speed rail service, and types of assistance FRA could offer states in the implementation of high speed rail service. Both Carol and Yachmetz indicated that if additional federal funds became available, states that were ready to move ahead with high speed rail implementation would be most likely to receive federal funding.

At the July and August meetings, the Task Force heard from representatives from Washington, Illinois and Michigan. These states are currently implementing expanded intercity service and are planning to transition to high speed service. Representatives shared their experiences and offered suggestions on how to implement similar service in Wisconsin. In addition, a representative from the Burlington Northern Santa Fe Corporation appeared before the Task Force to provide the freight rail perspective on the Washington state expansion.

At the Task Force's request, WisDOT staff conducted a survey of funding mechanisms used by nine other states to fund their current intercity passenger rail service. In August, WisDOT presented the results of the survey to the Task Force.

The survey revealed that states use a variety of methods to fund their passenger rail programs, including traditional transportation user fees, general funds and bonding. Other states with transportation funds frequently segregate various revenue streams for specific purposes. No single source of funding is uniquely tied to the support of the rail service at the state level. The varied strategies reflect the differences in state constitutions, laws, and support provided to other state programs.

In September, Randy Wade of WisDOT made a presentation on the Midwest Regional Rail Initiative, with specific emphasis on the Wisconsin components.

In October, Sandy Beaupre of WisDOT presented a summary of the work of the Transportation Finance Study Committee (TFSC). The state legislature

created the TFSC to investigate potential transportation revenue options beyond existing sources. The TFSC completed its work in May 1997 with a series of recommendations and funding principles.

The Task Force reviewed the TFSC recommendations and principles, and then received an overview of current state budget revenues and expenditures, the types of transportation user fees collected, and the anticipated balance of the state's Transportation Fund at the end of the biennium. The information presented indicated that new revenues will be necessary to address costs related to high speed rail implementation and other large scale projects such as the Marquette Interchange.

In September, the Task Force appointed a Commuter Rail Process Subcommittee to identify key issues for study and develop a year 2000 work plan for the Task Force. The subcommittee, chaired by Phil Evenson of the South-eastern Wisconsin Regional Planning Commission, first met in October prior to the regular Task Force meeting. The subcommittee submitted a year 2000 work plan to the Task Force, which was reviewed at the December meeting.

Development of recommendations

In October, the Task Force participated in a facilitated discussion to help identify possible recommendations for intercity passenger rail in Wisconsin. Task Force members were split into three groups and asked to answer three questions related to Wisconsin intercity rail issues:

- Should the State of Wisconsin support intercity passenger rail? If so, what principles should be followed when making decisions on routes, speeds, etc.?
- How should intercity passenger rail in the State of Wisconsin be funded? What principles should be followed when the State begins to make funding decisions on intercity passenger rail?
- How should the State of Wisconsin proceed to implement intercity passenger rail in Wisconsin?

Midwest Regional Rail System Map



The subsequent answers and discussion led to creation of a set of principles and a corresponding vision statement for a Wisconsin intercity passenger rail system. At the November meeting, the Task Force reviewed the draft interim report that incorporated the principles and vision statement. The Task Force also reviewed interim recommendations related to intercity passenger rail. At the December meeting, the Task Force approved the interim report (now Section 1: Intercity rail service of this report).

2. Midwest Regional Rail Initiative

The Midwest Regional Rail Initiative (or “Midwest Rail”) is an ongoing effort to develop an expanded and improved passenger rail system in the Midwest.

The sponsors of Midwest Rail are Amtrak, the Federal Railroad Administration and

the transportation agencies of nine Midwest states: Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Nebraska, Ohio and Wisconsin. Midwest Rail includes a number of new services and service enhancements in Wisconsin, and thus is a focal point for the Task Force in reviewing intercity passenger rail options in the state.

Midwest Rail institutional background

The Mississippi Valley Conference is a regional group of the American Association of State Highway and Transportation Officials (AASHTO), whose board is comprised of the directors for the state transportation agencies in the Midwest. In 1996, the Mississippi Valley Board created the Midwest Regional Rail Initiative, and assigned a Steering Committee to lead the effort.

final report

Intercity rail service Full report

...Midwest Rail will enhance service in the Chicago–Milwaukee corridor, currently served by Amtrak’s Hiawatha Service, with additional train frequencies and increase speeds up to 110 mph...

...The initiative includes new 110 mph maximum-speed service from Milwaukee to Madison, and Madison to Minneapolis/St. Paul (Minnesota) via La Crosse...

Midwest Rail in Wisconsin: projected service attributes

Chicago–Milwaukee

(110 mph service in 2009)
One-way fare: \$19–\$33
Trip time: 1:06
Daily round trips: 16

Milwaukee–Madison

(service starts end of 2003)
One-way fare: \$19–\$33
Trip time: 1:07
Daily round trips: 10

Madison–Minneapolis/St. Paul

(service starts in 2005)
One-way fare: \$50–\$84
Trip time: 3:32
Daily round trips: 6

Milwaukee–Green Bay

(service starts in 2007)
One-way fare: \$21–\$35
Trip time: 2:45
Daily round trips: 5

The Steering Committee includes representatives from the nine-participant states, along with Amtrak and FRA. Wisconsin serves as the Secretariat for the Steering Committee. The Steering Committee retained a private consulting team to assist in a technical study of the proposed system, including preparation of infrastructure cost estimates, network design, ridership forecasting, operating ratios, economic feasibility analysis, and a financial plan.

The Steering Committee released a draft report in August of 1998 that outlined the basic system and preliminary cost estimates. Based on further work by the consultant team, a final report was released in February 2000 that refined the original work, provided updated cost and financial data, and included a detailed implementation plan.

Governor Thompson has been a strong advocate for Midwest Rail in his roles both as Governor of Wisconsin and Chairman of the Amtrak Board. He has played a critical role in bringing the Midwest Rail coalition of states together and heightening the interest in high speed rail in Congress and around the country.

Proposed system overview

Midwest Rail calls for a 3,000 mile network of high speed passenger rail service operating at speeds up to 110 mph. Midwest Rail is based on a hub-and-spoke system centered on Chicago, and radiating to major metropolitan areas and other smaller cities. Midwest Rail will utilize new trains with high quality amenities, and provide sufficient train frequencies and coordinated connections to offer a fast, convenient, dependable, and comfortable regional transportation option in high density travel corridors.

Total capital costs for the system are \$4.1 billion, to cover equipment acquisition and necessary infrastructure improvement. Midwest Rail will require significant improvements or new facilities for track, signals, stations, and grade crossings. The Midwest Rail sponsors are seeking federal funding to cover 80 percent of the capital costs. Under full operations, the system is forecast to carry nine million passengers annually, and operating revenues are forecast to exceed operating costs.

When fully implemented, the system will also result in the following benefits:

- Midwest Rail will preserve, improve and expand passenger rail service by significantly reducing travel times and increasing train trip frequencies.
- The system will provide high quality, reliable passenger service linked to other transportation modes and accessible to 80% of the region’s population.
- Midwest Rail will utilize an incremental implementation schedule to minimize total capital costs and result in few negative environmental impacts.
- The network will support economic growth by providing an effective downtown-to-downtown regional travel option, and create business development opportunities in and around stations.

Wisconsin components of Midwest Rail

In Wisconsin, Midwest Rail includes several services:

- Midwest Rail will enhance service in the Chicago–Milwaukee corridor, currently served by Amtrak’s

Hiawatha Service, with additional train frequencies and increase speeds up to 110 mph.

- The initiative includes new 110 mph maximum-speed service from Milwaukee to Madison, and Madison to Minneapolis/St. Paul (Minnesota) via La Crosse.
- Midwest Rail will provide new service from Milwaukee to Green Bay through the Fox Valley with 79 mph top speeds.
- A feeder bus system will provide access from northern Wisconsin to the Midwest Rail system.

The Wisconsin services will provide a wide range of benefits by offering a new, high-quality regional transportation option.

Midwest Rail in Wisconsin: implementation, costs and ridership

Midwest Rail components in Wisconsin are planned to be phased in over the next 10 years with a mix of infrastructure upgrades, new equipment acquisition, implementation of new service, and expansion of existing service

➤ December, 2003

Implementation of new 110 mph service from Madison to Milwaukee; with continued 79 mph service from Milwaukee to Chicago with additional train frequencies.

➤ July, 2005

Initiation of new 110 mph service from Minneapolis/St. Paul through La Crosse to Madison, continuing on to Milwaukee and Chicago.

➤ July, 2007

Initiation of new service from Green Bay to Milwaukee at 79 mph, and continuing to Chicago (the consultant team is evaluating the requirements for a preferred 110 mph service between Milwaukee and Green Bay).

➤ January, 2009

Upgrade of Milwaukee to Chicago service to allow 110 mph with additional train frequencies.

Total capital costs for the Wisconsin components are estimated at \$626 million. This includes \$495 million for infrastructure improvements, with 70 percent of

Midwest Rail routes & feeder bus system in Wisconsin



that amount for track and right-of-way work, 18 percent for rail-highway grade crossing improvements, and 12 percent for signal system improvements. Another \$131 million is needed to acquire fourteen new train sets capable of 110 mph and offering high quality passenger amenities.

Midwest Rail's policy goal is to obtain federal funding for 80 percent of capital costs, the similar level provided for large scale transit and highway transportation improvements. With an 80 percent federal share, Wisconsin's total capital share equals \$125 million. The federal share is likely to come from several different programs—some sources may provide more than an 80 percent share and other may provide less, but the federal funding target for the entire Wisconsin component is 80%.

In addition to the capital costs, the Midwest Rail Wisconsin components may require up to \$17.1 million in operating support in the first year of service (beginning December, 2003). After the first year of service, the Wisconsin components as a whole are forecast to produce an operating surplus.

The Wisconsin components of the Midwest Rail system are expected to attract almost 3.2 million passengers under a full implementation scenario in 2010. A rider is defined as any passenger boarding on any part of the Wisconsin system from Chicago to Minneapolis/St. Paul, including the Milwaukee to Green Bay corridor. The consultant team estimates that “business” trips will account for 30% of all ridership in Wisconsin.

Midwest Rail Phase 1 plan

Phase 1 of the Midwest Rail implementation plan focuses on developing high speed rail service in three key corridors: Chicago–Detroit, Chicago–St. Louis, and Chicago–Milwaukee–Madison–Twin Cities. Phase 1 features many service enhancements in Wisconsin:

- Phase 1 will introduce new 110 mph high speed service between Madison and Milwaukee with six daily round trips initially, eventually increased to ten daily round trips. Phase 1 also includes the purchase of new, high speed trains with high quality amenities.
- The Madison trains will continue on to Chicago, and overall service from Milwaukee to Chicago will increase from the current six daily round trips to ten round trips. Travel time in the Chicago–Milwaukee corridor may also be reduced due to better acceleration and deceleration of new trains, as well as crossing and signal improvements.
- Phase 1 calls for a new station at General Mitchell International Airport in Milwaukee, with dedicated shuttle service from the train station to the airport terminal.
- Expected trip time between Madison and Chicago will be approximately 2 hours and 30 minutes.

Approximately \$184 million is needed to implement Phase 1 in Wisconsin. Analysis indicates that Phase 1 service in Wisconsin will achieve a positive operating ratio even if other components of Midwest Rail are not implemented.

WisDOT recently signed contracts to conduct a preliminary engineering study in the Madison to Milwaukee

corridor, with study results expected in early 2001. The target start-up date for Phase 1 service is December of 2003.

Benefits of Midwest Rail in Wisconsin

Critical to an integrated transportation system for the 21st Century, Midwest Rail will provide many benefits to the traveling public, the business sector, and communities of Wisconsin:

Midwest Rail will offer a fast, convenient, dependable, and comfortable regional travel service

- Midwest Rail's 110 mph service at full implementation will allow travel from Madison to Milwaukee and Milwaukee to Chicago in just over an hour, and from Madison to the Twin Cities in 3 hours and 32 minutes.
- Train trip schedules and frequencies will make it easy for Wisconsin travelers to use Midwest Rail at their convenience.
- Midwest Rail will benefit business, leisure, and personal travelers by offering access to major Midwest urban centers such as Chicago, Cincinnati, Cleveland, Detroit, Indianapolis, Kansas City, Minneapolis, Omaha, and St. Louis.
- Midwest Rail services will utilize new trains with spacious seating, telecommunication facilities technology and food and beverage service. Trains will be of the highest quality and undergo rigorous specification and testing phases to ensure reliability and safety.

Midwest Rail will offer an attractive and viable transportation choice

- Approximately 70% of Wisconsin residents will be within one hour's drive of a Midwest Rail station, and a network of coordinated feeder bus routes, as well as other local transit services, will ensure that 80% of Wisconsin residents have access to a Midwest Rail station.
- Midwest Rail will offer strong intermodal links in Wisconsin through access to the system's feeder bus service, direct connections to General Mitchell International Airport in Milwaukee and Dane County Regional Airport in Madison,

Total Midwest Rail capital costs in Wisconsin by biennium

(preliminary figures, millions of 1998 dollars)

	Engineering & pre-construction activities			Construction activities & train set purchases		
Biennium	1999–01	2001–03	2003–05	2005–07	2007–09	Subtotal
Milwaukee – Madison (service starts December 2003)	\$8.2	\$73.8	\$36.9			\$118.9
Madison – St. Paul (service starts July 2005)	\$8.1	\$4.2	\$36.8			\$122.9
Milwaukee – Chicago (service expands 2009)		\$11.5	\$11.5			\$221.00
			\$49.5	\$99.0	\$49.5	
Milwaukee – Green Bay (service starts 2007)			\$3.0			\$32.0
			\$14.5	\$14.5		
Train equipment**	\$40.0	\$25.0	\$47.0		\$19.0	\$131.0
Total capital costs	\$56.3	\$151.3	\$236.2	\$113.5	\$68.5	\$626
Wisconsin share***	\$11.3	\$30.3	\$47.2	\$22.7	\$13.7	\$125.2

* Capital costs include design, engineering, right-of-way acquisition, train purchases and construction costs

**Total equipment costs; there may be cost sharing with Illinois and Minnesota

***Assumes federal share of 80% and state share of 20%.

Total Midwest Rail capital costs in Wisconsin by corridor

(preliminary figures, millions of 1998 dollars)

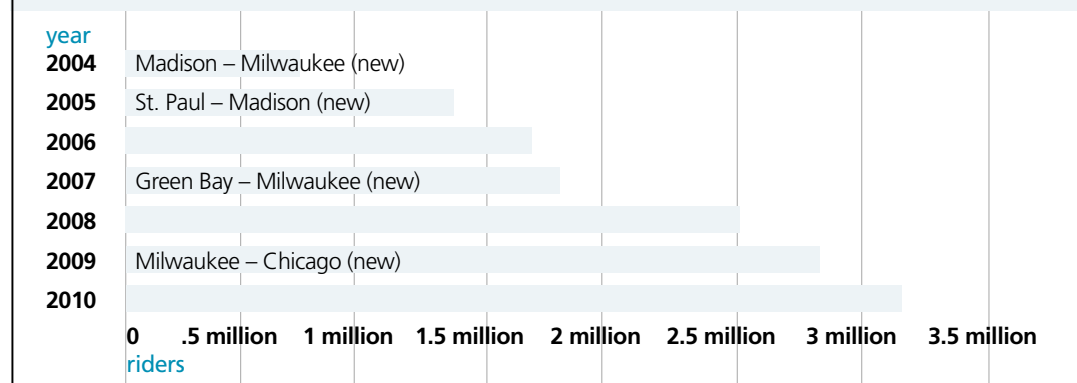
Phase	Corridor	Infrastructure	Equipment	Total
1	Milwaukee – Madison	\$118.9	\$65.0	\$183.9
2	Madison – St. Paul	\$122.9	\$47.0	\$169.9
3	Milwaukee – Chicago	\$221.0		\$221.0
4	Milwaukee – Green Bay	\$32.0	\$19.0	\$51.0
	Total capital costs	\$494.8	\$131.0	\$626

Forecast Midwest Rail operating surpluses/deficits in Wisconsin

(millions of 1998 dollars, assumes 65% ramp-up to Phase 1 service in 2004)

Approximate operating year	2004	2005	2006	2007	2008	2009	2010
Operating surplus/deficit	(-\$17.1)	\$10.3	\$33.1	\$29.4	\$20.8	\$29.4	\$39.4
Operating ratio	63%	125%	179%	156%	129%	140%	152%

Midwest Rail ridership in Wisconsin



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Intercity rail service Full report

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plus coordination with local
transit schedules.

- Midwest Rail provides an attractive transportation option for those who cannot or choose not to drive or fly. Having additional choices is important to Wisconsin's traveling public.
- Midwest Rail will provide direct high-speed service to many Wisconsin communities, such as Fond du Lac, Wisconsin Dells and Tomah, that are currently under-served or not served at all by the airline industry.
- Midwest Rail operating revenues are projected to cover all operating costs, and generate a revenue surplus beginning in the second year of Phase 1 implementation.

Midwest Rail will improve safety on existing rail corridors

- The Midwest Rail plan calls for spending approximately \$149 million in Wisconsin to install or upgrade crossing gates and signals at existing highway-rail grade crossings. Where agreements can be reached with local officials, low volume highway-grade crossings will be consolidated or closed. For high volume highways, grade-separated crossings will be sought.
- Fencing will be provided along the system's right-of-way for pedestrian and animal protection.
- Midwest Rail will use an advanced train control and signaling system to continuously monitor and route train traffic, ensuring that high-speed passenger trains will share tracks with freight trains safely and efficiently.
- Improvements to existing track, such as installing continuous-welded rails, replacing ties, adding passing sidings, and straightening curves, will help passenger and freight trains travel more safely and efficiently.

Midwest Rail will create economic benefits in an efficient manner

- Wisconsin businesses and workers will benefit from the improved city-to-city travel times, reasonable fares, and increased productivity offered by high speed rail services.
- Midwest Rail will offer package express services, providing Wisconsin businesses with another express freight option.

- Midwest Rail is expected to generate other development at or around stations, including new train terminals, retail space, office buildings, civic development, and parking areas. Based on conservative assumptions from FRA, the consultant team estimates that development adjacent to Midwest Rail stations could stimulate over \$250 million in joint public/private development projects in Wisconsin.
- High speed rail will offer travelers greater accessibility to tourism-related destinations, especially in urban city centers.
- Midwest Rail will encourage efficient land use patterns by providing a new transportation option on existing rail infrastructure that accesses the city centers of urban areas.
- The Midwest Rail service will utilize modern, energy-efficient trains. Recent U.S. DOT studies show that passenger trains can be up to 75 percent more energy efficient than automobiles and air planes on a per-passenger mile basis (assuming average load factors for all modes).
- By cooperating to build a regional high-speed rail system, the Midwest Rail states will be able to take advantage of economies of scale and purchase equipment and services at lower costs than would be possible if purchasing the equipment and services individually.
- Wisconsin businesses and workers will benefit from improved transportation connectivity to urban centers throughout the Midwest and the rest of the nation, resulting in greater opportunities for economic development and commercial activity.
- Midwest Rail will provide a means to expand work force recruitment efforts for Wisconsin businesses that are located in communities or regions served by Midwest Rail.
- Midwest Rail will add both direct and indirect jobs in Wisconsin. Jobs directly linked to Midwest rail include professional and construction jobs related to implementation and operation of the system in Wisconsin. Indirect jobs may include connecting transportation and service related industries.

Cost viability analysis

In addition to qualitative benefits, the consultant team conducted two quantitative cost-benefit analyses to assess the viability of Midwest Rail. Each analysis reached positive conclusions, indicating that high speed rail service is feasible, and possibly profitable in Wisconsin and the Midwest.

The consultant team performed a system-wide economic analysis using the criteria and structure used by FRA in its 1997 study, High-Speed Ground Transportation for America. The FRA study confirmed that a Midwest rail passenger system offers the highest level of economic benefit associated with rail investment anywhere in the U.S., except for Amtrak's Northeast Corridor.

FRA's criteria included consumer time/dollar savings, system revenues, benefits to other modes (e.g., reduced highway congestion), and resource benefits (e.g., air emissions). Using FRA criteria, the consultant team calculated the Midwest Rail benefit-cost ratio at 1.8:1.

In addition, the consultant team conducted an operating cost-recovery ratio analysis, which assessed the anticipated revenues against the anticipated costs for each segment. The analysis resulted in a revenue-cost recovery ratio of 1.52:1 for the Chicago to Twin Cities route, which serves Wisconsin. The Chicago to Twin Cities' recovery ratio was one of the highest of all the Midwest Rail routes.

Critical Midwest Rail partnership issues

In addition to cost-sharing arrangements with surrounding states and the federal government, Wisconsin will need to work closely with local governments and private sector entities to meet the implementation schedule. Some of the issues that need to be addressed are summarized below.

► Track sharing agreements

The state is actively working with the freight railroads to develop agreements to use and improve existing rail lines and right of way

for intercity service. Wisconsin recognizes that a high speed rail system will only be successful if freight railroads are partners in the process.

► Rail labor partnerships

The input of railroad workers is critical to ensure that a high speed rail system is safe for passengers and employees. Assistance from rail labor groups will help Midwest Rail adequately address all operating safety issues.

► Grade crossing safety

A total of 410 crossings (308 public, 102 private) have been identified along the Midwest Rail system routes in Wisconsin. There are a series of options available to address some deficient crossings along the system, and WisDOT will work with local units of government and private property owners on a case by case basis to determine the best alternative for each crossing. A general goal has been set to annually close three to five percent of private crossings each year of implementation. The state will also work with the freight carriers to construct fencing along the rail right-of-way for pedestrian safety.

► Station location and development

Although Midwest Rail identifies communities for station stops, exact station locations have not been identified in all communities. The state will work with local units of government and private interests to identify exact locations as part of the engineering processes for each segment. At a minimum, stations will need locations that facilitate links to other modes of transportation, and must provide adequate platform, lighting, and parking facilities.

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...Wisconsin has been a leading member of the Midwest Regional Rail Initiative...

...While the federal government is supportive of the high speed rail corridor concept, little federal funding is currently available to states for high speed rail development...

3. Task Force findings

Throughout its meetings, the Task Force received and discussed a wide range of information related to intercity passenger rail and transportation. Based on these deliberations, the Task Force makes the following findings regarding intercity passenger rail service in Wisconsin.

Findings on intercity passenger rail

- Projections for commercial passenger air travel indicate the Midwest airport system will become more congested and air travel delays will increase in the next ten years.
- Projections for auto travel indicate that Wisconsin's highway infrastructure and capacity will continue to be stressed, particularly segments that parallel existing and proposed passenger rail corridors such as Interstate 94, Interstate 90, and US Highway 41.
- The regional "hub and spoke" rail system linking regional urban centers appears to be a viable intercity passenger rail model.
- To maximize cost effectiveness and minimize financial risk, an intercity passenger rail system must utilize existing track and be implemented incrementally.
- At least 27 states around the country are associated with a federally designated high speed rail corridor.
- The states of Illinois and Michigan, as well as other states around the country are either beginning to successfully implement high speed passenger rail systems (110 mph service or faster) or have identified funding to begin the implementation process.
- Freight railroads need to be a strong partner to successfully implement an intercity passenger rail system.
- Rail labor groups need to be a strong partner to successfully implement an intercity passenger rail system.
- An active federal role is critical for implementation of a national program for regional high speed rail systems.
- Intercity passenger rail systems elsewhere in the nation have been successfully linked to other transportation modes such as commuter rail,

intercity bus and urban transit. This intermodal connectivity benefits all modes of travel.

- Wisconsin is taking steps to implement high speed passenger rail service, and thus may have a better chance of receiving federal funds. Illinois, Michigan, Wisconsin and Amtrak have agreed to work together to develop specifications for new high speed train equipment, and to begin an equipment procurement process. The state of Wisconsin recently began a preliminary engineering study of 110 mph passenger rail service in the Madison to Milwaukee corridor.
- High speed passenger rail service will provide an attractive alternative for regional, intercity travel for business and leisure travelers.

Findings on the Midwest Regional Rail Initiative and Wisconsin components

- Wisconsin has been a leading member of the Midwest Regional Rail Initiative.
- There is a wide range of issues related to rail crossing safety, interstate compacts, cost-sharing arrangements, and agreements with the railroads that must be further addressed as part of the Midwest Regional Rail Initiative implementation process.
- Implementation of intercity passenger rail service in Wisconsin will not preclude the development of commuter rail systems.
- Implementation of intercity passenger rail service in Wisconsin will provide viable travel choices, may generate modest air quality improvements resulting from highway traffic diversion, and could help reduce future traffic growth rates.
- The existing Chicago–Milwaukee Amtrak *Hiawatha Service* enhances mobility in Wisconsin.

Findings relating to funding

- While the federal government is supportive of the high speed rail corridor concept, little federal funding is currently available to states for high speed rail development.
- Interest in developing funding mechanisms for high speed rail development is increasing at the federal level.

- Between 1976 and 1998, the federal government provided \$4.5 billion for the Northeast Corridor Improvement project (\$8.1 billion in 1999 equivalent dollars), while requiring little state cost share.
- The state of Wisconsin has a narrow funding base for transportation, which supports programs for all transportation modes. The state currently relies heavily on gas taxes and vehicle registration fees for transportation revenues.
- Other states currently use a wide range of state and federal funding sources to support existing intercity passenger rail service.
- The state of Wisconsin has \$50 million in bonding authority available to implement passenger rail service in the Madison–Milwaukee and/or Green Bay–Milwaukee corridors. The state legislature's Joint Committee on Finance must approve release of these funds.
- The state of Wisconsin received \$1.25 million of federal funds in the past two years for rail-highway grade crossing and signal improvements in the Chicago–Milwaukee corridor.

Findings on the barriers to the implementation of a high speed rail system in Wisconsin

- There is a current lack of a dedicated federal funding source.
- There is competition for limited resources among more established transportation modes.
- There is a lack of an existing successful program of this magnitude from which to draw experiences.
- Historic perceptions of Amtrak may hinder future passenger rail development.
- There is a narrow transportation revenue base in Wisconsin.

4. Principles for intercity passenger rail

In October, the Task Force participated in a facilitated discussion to help identify possible recommendations for intercity passenger rail in Wisconsin. Task Force members were split into three groups and asked to answer three questions

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related to Wisconsin intercity rail issues:

- Should the State of Wisconsin support intercity passenger rail? If so, what principles should be followed when making decisions on routes, speeds, etc.?
- How should intercity passenger rail in the State of Wisconsin be funded? What principles should be followed when the State begins to make funding decisions on intercity passenger rail?
- How should the State of Wisconsin proceed to implement intercity passenger rail in Wisconsin?

The answers to these questions and the discussion of the full Task Force that followed are the basis of the intercity section report recommendations. One issue that seemed to resonate with many members of the Task Force was the need for simple, straightforward guiding principles that reflect the value that intercity passenger rail must add to Wisconsin's multi-modal transportation system.

The Task Force strongly believes that any intercity passenger rail system implemented in Wisconsin must meet the following principles to be successful.

Intercity passenger rail must be competitive with other modes of transportation.

- An intercity rail system should provide service in short to medium distance corridors where it is most competitive with air and auto travel.
- An intercity rail system must provide services that are demanded by a growing traveling public.
- It must be able to adjust to changing travel markets and the needs of customers.
- It must provide services/features that other modes of transportation cannot provide.
- Fares must be competitive with other modes.

Intercity passenger rail must be integrated with other transportation modes.

- It must be linked with other modes of transportation to provide seamless transitions.

- Local units of government should be involved in the coordination of station locations and route timing to connect with existing urban mass transit systems.
- It should be planned as a component of Wisconsin's total transportation system.

Intercity passenger rail must be integrated with the existing freight rail system.

- An expanded intercity passenger rail system must not negatively impact the existing freight rail system, and should not negatively impact the future freight rail system.
- It should enhance the existing rail network.
- Passenger rail development must include the involvement of rail labor.

Intercity passenger rail must provide a viable transportation alternative.

- It should be developed on an incremental basis.
- It should minimize costs by using existing rail corridors.
- It should provide a cost-effective additional transportation choice for the traveling public.
- It should use state funds as leverage to maximize federal dollars.

The benefits of passenger rail must be worth the cost.

- It should add value to the existing transportation system.
- It should provide general social benefits through improved mobility and enhanced economic opportunity.

Intercity passenger rail must connect large business/urban centers in the region and country.

- It should provide efficient "down-town to downtown" service.
- It should promote economic development and help stimulate growth in urban areas.
- It should provide amenities and service schedules appealing to both business and leisure traveler.

It must be safe, fast, reliable, and comfortable.

- The system should fully address safety issues such as rail crossings.
- It should utilize existing technology to implement state-of-the-art signal systems and use energy efficient high speed locomotives.
- The system should provide speeds that make rail travel equal to or faster than auto or air travel to regional destinations.
- It should provide amenities not available in other transportation modes, such as computer outlets, video displays, wide seats, and food service.
- It should utilize the latest train technology to provide a smooth ride and excellent customer service.
- It should operate at frequencies that make the system a viable alternative for business and leisure travelers.
- It should operate on time and minimize travel delays.

5. Recommendations

Vision statement

The Task Force recommends the following vision statement regarding intercity passenger rail service in Wisconsin:

Intercity high speed passenger rail should be a part of Wisconsin's multi-modal transportation system. Intercity passenger rail service must provide a viable transportation option for business, tourism and personal travel. It should provide a safe, dependable, attractive, well-connected, affordable, and reliable transportation option in city-to-city corridors. System operating revenues should cover operating costs. Passenger rail services in Wisconsin should improve access to city centers, promote commercial development opportunities, offer needed transportation alternatives, and make more efficient use of existing transportation infrastructure.



...The benefits of passenger rail must be worth the cost...

...Intercity passenger rail must connect large business/urban centers in the region and country...

Recommendations

The Task Force makes a number of recommendations that focus on three key issues: state intercity passenger rail policy, the Wisconsin component of the Midwest Regional Rail Initiative, and funding for intercity passenger rail.

State intercity passenger rail policy

- Intercity rail is primarily a federal-state responsibility. The state, in a partnership with the federal government, should take the lead in the implementation of intercity passenger rail service. Local units of government should be involved in station improvements and associated development.
- Where appropriate, surrounding states should be involved in any intercity system that Wisconsin implements.
- An expanded intercity passenger rail system must not negatively impact the existing freight rail system, and should not negatively impact the future freight rail system.
- The state should work out, with the local units of government, issues such as rail crossings and station location and development.
- Wisconsin should work with other states to advocate the development of a national high speed rail program.
- A state intercity rail system should operate at speeds up to 110 mph wherever possible and warranted.

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- The state should develop criteria for prioritizing intercity passenger rail routes.

Wisconsin components of the Midwest Regional Rail Initiative

- The Midwest Rail initiative as presented meets the principles of the Task Force.
- The Task Force endorses the concept of the Midwest Regional Rail Initiative. As funds, primarily federal, are made available, Wisconsin should begin to implement Phase 1 of Midwest Rail (Madison to Milwaukee), and other segments, consistent with the time frame proposed in the initiative.
- In partnership with Midwest Rail sponsors and other states, Wisconsin should begin to evaluate possible train car specifications and train purchase funding scenarios.
- Wisconsin should continue to work with Amtrak to maintain and enhance the existing Chicago–Milwaukee Hiawatha Service.
- Wisconsin should negotiate firm implementation commitments from other states for each successive phase of Midwest Rail, to ensure the connectivity and synergies of the system.

Funding

- The federal government should provide at least 80% of the capital costs of intercity passenger rail implementation in Wisconsin. Wisconsin should continue to move forward with passenger rail planning and implementation to be well positioned to receive federal funds.
- The federal government should recognize all previous and current investments made by Wisconsin in Midwest Rail when determining state match levels for federal funds.
- Wisconsin should work with its congressional delegation and other states' delegations to develop a national high speed rail corridor funding source.
- The Midwest Regional Rail Initiative should receive equivalent federal funding terms as has the Northeast Corridor for capital funding.
- Wisconsin should seek federal funding for Amtrak capital at the fully authorized levels of \$989 million annually for FY 2001 and FY 2002

to support high speed rail. The increase, however, must not come at the expense of other transportation programs.

- Wisconsin should continue to review the feasibility of using innovative federal financing tools such as the Transportation Infrastructure Finance and Innovation Act (TIFIA) and other bonding proposals to support intercity passenger rail capital or operating costs.
- The state should provide the remaining 20% match for capital costs of intercity passenger rail in Wisconsin, and identify sources of funds for capital and/or operating expenses. State funding for intercity passenger rail must not come at the expense of other transportation programs, and efforts should be made to broaden the revenue base for state transportation programs.
- The state should consider the recommendations of the Transportation Finance Study Committee as possible funding options to support the state's share of intercity passenger rail implementation (See Appendix B.)
- The state should use the existing \$50 million in GPR bonding authority available for passenger rail improvements to support the Midwest Rail Phase 1 implementation in Wisconsin (Madison to Milwaukee).
- The state should consider sources such as GO bonding with GPR debt service and sales tax from transportation-related purchases to support intercity passenger rail development.
- The Governor should provide additional direction to the legislature regarding other potential funding sources to support intercity passenger rail development.
- As appropriate, local governments and the private sector should provide some level of funding (e.g., for station developments or other improvements adjacent to the rail system). The state should provide incentives to encourage local units of government to participate in station improvements or related developments.

Section 2: Commuter rail service

...Governor Thompson instructed the Task Force to review existing and planned passenger rail services, including intercity and commuter rail, the appropriate government role for passenger rail service, current state and federal laws related to passenger rail, and possible funding sources...



Section 2: Commuter rail service Executive summary

1. Background

The Governor's Blue Ribbon Task Force on Passenger Rail Service (Task Force) was created by Executive Order No. 365 in March of 1999. Governor Thompson, who is also the current Chairman of Amtrak, instructed the Task Force to review existing and planned passenger rail services, including intercity and commuter rail, the appropriate government role for passenger rail service, current state and federal laws related to passenger rail, and possible funding sources. The Task Force was charged with making recommendations on issues related to the expansion of passenger rail service in Wisconsin through an interim report and a final report to the Governor. Early in the process, the Task Force decided to focus its initial efforts on intercity passenger rail issues. Commuter rail issues were the focus in the year 2000. The conclusions related to commuter rail service are contained in this section of the final report.

2. Commuter rail definition

The Task Force adopted a definition of commuter rail at the August meeting held at the Wingspread Conference Center in Racine.

Passenger rail service operating primarily on existing freight and/or intercity passenger railroad tracks on a separate right-of-way between and within metropolitan and suburban areas, connecting these areas with large business and/or urban centers, whether within or across the geographical boundaries of a state. Commuter rail usually operates during peak travel times with limited stops and in conjunction with other transit modes as part of a regional transit system. Equipment type and trip distance will vary based on the technology available and desired trip market.

Task Force members believed this definition would allow for the flexibility needed to initiate and sustain commuter rail in a Wisconsin transportation policy context.

3. Commuter rail system proposals in Wisconsin

Two regions of the state are studying the potential for the implementation of a commuter rail system: Southeastern Wisconsin (Milwaukee, Kenosha and Racine Counties) and Dane County.

Each region is currently involved in a detailed alternatives analysis process to identify the regional transit system that best addresses the respective region's transit needs in a cost effective manner. Each proposal includes a starter and full commuter rail system.

Southeastern Wisconsin starter and full system characteristics

Starter system (9 miles)

- Capital costs: \$68 million
- Operating cost not covered by fares; \$1.6 million/annually
- Bi-directional system connects the cities of Racine and Kenosha to Metra system (to Chicago)

Full system (33 miles)

- Capital costs: \$152 million
- Operating cost not covered by fares: \$4.5 million
- Bi-directional system connects the cities of Milwaukee, Racine and Kenosha to Metra System (to Chicago)

Dane County starter and full system characteristics

Starter system (14 miles)

- Capital costs: \$97 million (range of \$90–\$104 million provided)
- Operating costs not covered by fares—\$1.8 million
- Greenway Cross to East Towne Route

Full system (64 miles)

- Capital costs: \$251 million (range of \$221–\$281 million provided)
- Operating costs not covered by fares—\$5.3 million

- Connects Mazomanie to Sun Prairie and DeForest to Stoughton through the isthmus area of Madison

A more detailed description of the two systems (with maps) are included later in Section 2: Commuter rail service.

4. Commuter rail benefits

As part of Wisconsin's future transportation system, commuter rail will provide a wide array of benefits to the traveling public of Wisconsin.

Commuter rail will provide an additional transportation choice and improve mobility by connecting suburban and urban areas. It will help connect workers to their jobs and provide an alternative for those who cannot or chose not to drive. It will also provide rail safety benefits through crossing and infrastructure improvements.

Commuter rail could spur economic re-development and revitalization in central cities and small downtowns, and enhance property values around commuter rail stations. In addition, commuter rail can provide the access needed by major employers competing in a national or international economy to attract the best employees. It will also help to add both direct and indirect jobs in the system area: jobs related directly to the rail system, and jobs resulting from the adjacent economic development.

...Commuter rail definition: passenger rail service operating primarily on existing freight and/or intercity passenger railroad tracks on a separate right-of-way between and within metropolitan and suburban areas, connecting these areas with large business and/or urban centers, whether within or across the geographical boundaries of a state. Commuter rail usually operates during peak travel times with limited stops and in conjunction with other transit modes as part of a regional transit system. Equipment type and trip distance will vary based on the technology available and desired trip market...

5. Findings

The Task Force was presented with a wide range of information related to passenger rail and transportation.

Considering this information, the resulting Task Force discussions, and other insights, the Task Force developed a list of findings regarding intercity and commuter passenger rail issues in Wisconsin. The findings on commuter passenger rail are summarized below:

Findings related to commuter passenger rail

Commuter rail systems elsewhere in the nation provide an alternative for travelers in dense travel corridors. These systems are integrated with other forms of public transit and are important in carrying people to their jobs. In addition, mature transportation systems that include commuter rail are attractive to employers. Elsewhere in the nation, commuter rail has also served as a mitigation tool for major highway reconstruction projects. It can also help reduce the rate of congestion growth, though it will not eliminate or likely even reduce the need for highway expansion (See Appendix A for further discussion of this issue).

Commuter passenger rail systems enhance redevelopment and revitalization of urban, central city districts and small community downtowns. If planned properly, commuter rail systems can improve local property values, particularly in the vicinity of rail stations and in suburban areas. Due to these benefits, there is significant local and business sector support for commuter passenger rail where it is under study in South-eastern Wisconsin.

Findings related to federal, state and local funding

The federal New Starts program provides significant resources for commuter rail capital costs. The typical federal contribution for New Starts projects is 50 percent. A reliable, dedicated revenue source for the nonfederal match is preferred by the Federal Transit Authority (FTA) when it considers project proposals. There is tremendous competition for federal New Start funds, and interest in obtaining new federal funds and

mechanisms for providing these funds for commuter rail is increasing. There are no federal funds available for commuter rail operating expenses.

States commonly provide funds for public transit operating and capital assistance. Wisconsin is unusual in that highway user fees account for 98% of its state transportation funding and state support for public transit is solely funded from highway user fees. States that allow expenditure of highway-user fees for transit typically supplement their appropriations from other revenue sources, such as general funds and related special purpose revenue funds.

Commuter rail systems elsewhere in the nation generate a relatively high farebox return ratio and farebox revenues are the largest, single operating funding source of the systems reviewed by the Task Force. When a local share is required, the remaining local funds come from a variety of sources. These sources include: sales tax, municipality fees, property taxes, bonding, payroll/employer tax, motor vehicle excise tax, vehicle registration and vehicle rental tax.

Findings related to governance

Most, if not all of Wisconsin's current transit systems are operated by a single governmental entity. Elsewhere in the nation, legislation enabling the creation of regional transit authorities (RTA) or cooperatives is widespread. RTA's are typically governed by formal bodies representing participating communities and often have the ability to levy local option taxes dedicated to transit, including passenger rail.

Findings on the barriers to implementation of commuter rail in Wisconsin

The key barriers to implementation of commuter passenger rail systems are severely limited funding sources at the state and local level, provision of adequate parking at commuter rail stops, integration issues with existing bus systems, lack of experience in providing transportation through a regional entity, and dramatically increasing transportation funding needs over the next two decades.

6. Key issues related to commuter rail

Based on the information presented to and the findings made by the Task Force, three key commuter rail issues were identified:

- **Funding**
- **Governance**
- **Selection criteria**

As part of their deliberation process, the Task Force requested and reviewed a series of scenarios related to funding and governance of future commuter rail systems in Wisconsin. Where applicable, the preliminary numbers cited in the Southeastern Wisconsin and Dane County studies were used to provide some perspective on the possible costs. This information was used by the Task Force to guide its discussions and to identify potential conclusions related to commuter rail.

Funding

Capital costs

Several barriers and implementation issues related to commuter rail made it difficult to reach final consensus on funding and governance issues. It became clear that two prevailing perspectives related to capital funding were emerging among the Task Force:

- Capital costs should be covered by a mix of state and federal funds only
- Capital costs should be covered by a mix of state, federal and local funds

Instead of a consensus recommendation, the Task Force has presented what they feel are the key concerns related to these issues. This information should be used in the future to determine the appropriate state and local role related to commuter rail.

Operating costs

As with capital costs, the Task Force did not reach consensus on any one operating cost policy recommendation. The Task Force believes that each of the operating cost scenarios discussed by the Task Force and included in Appendix B has some level of viability.



The structure of the current mass transit operating aid program, and the unique characteristics of commuter rail systems, makes it inappropriate to use the existing transit operating aid program to fund commuter rail operating costs. Some of these unique characteristics include:

- Fare box recovery ratios that are typically higher than urban bus mass transit
- Different route and service areas
- Different market characteristics
- Different treatment under the federal urban mass transit operating assistance program

Task Force members agreed that commuter rail operating costs should not be funded out of existing transit operating aid funds. Existing urban bus transit systems should be held harmless from any commuter rail operating cost-share policy, and a new source of revenue should be found for commuter rail.

Governance

The Task Force reviewed several potential governance models for commuter rail systems. These included:

- an entirely state-managed system
- cooperative arrangements
- non-profit corporations
- single county entity (e.g. Dane County)
- Regional Transit Authorities

final report

Commuter rail service Executive summary

...Instead of a consensus recommendation, the Task Force has presented what they feel are the key concerns related to these issues and think that this information should be used in the future to determine the appropriate state and local role related to commuter rail...

The Task Force concluded that all of the potential governance models discussed by the Task Force and included in Appendix C have some level of feasibility in Wisconsin, and should be included in the final report as potential governance options. The Task Force believes that the type of governance model selected will be determined based on the funding policy that is ultimately chosen, system characteristics, and geographic location of the system. The Task Force did not want to arbitrarily limit the governance options considered by decision-makers.

Selection criteria

The Task Force discussed a number of different options that the State could use to determine whether any given commuter rail project proposal would qualify for state funding. The FTA New Starts criteria were discussed at some length by the Task Force. The Task Force supports the use of criteria very similar to the New Starts criteria, with the addition of selection criteria that are appropriate for Wisconsin.

The Task Force emphasized the following selection criteria as particularly relevant for Wisconsin:

- Strong local commitment bolstered by strong state support
- Adequate level of federal funding from New Starts program—at least 50% of the total capital costs
- Completion of FTA alternatives analysis process
- A baseline farebox recovery ratio requirement
- Enumeration as provided under s. 85.062(1), Stats.—Major Transit Capital Improvement Project

7. Conclusions/next steps

Conclusions related to commuter rail

Commuter rail is important and should be part of Wisconsin's 21st century transportation system.

The Task Force recognizes the modal choice benefits that could be provided by commuter rail in the metropolitan areas of Wisconsin. The Task

Force view of the role and responsibility of commuter rail is reflected in the following vision statement:

Where appropriate, commuter rail should be a part of Wisconsin's multi-modal transportation system. Commuter rail service can provide a viable transportation option for business, tourism and personal travel. It can provide a safe, dependable, attractive, well-connected, affordable and reliable transportation option in Metropolitan regions. Commuter rail can link city centers and related suburban areas, promote economic and efficient land use development opportunities, provide needed transportation alternatives and make more efficient use of existing transportation infrastructure in Wisconsin.

Broad implementation conclusions

The Task Force agreed that the following issues must be addressed for successful implementation of commuter rail systems to occur:

- Maximizing federal funds for commuter rail capital and operating costs, and
- Broadening of the transportation revenue base in Wisconsin, relying on the recommendations of the Transportation Finance Study Committee as a starting point.

Next steps

The Task Force recognizes that this report is just one step in the commuter rail policy development process. The Task Force has determined that by forwarding to the Governor and the Legislature a record of their discussions and concerns related to the key issues surrounding commuter rail, they will be providing valuable information regarding issues that will need to be addressed and decisions that will need to be made for commuter rail to become a reality in Wisconsin.

final report

Commuter rail service Full report

...Commuter
rail in
Wisconsin...

...should be
competitive
with other
modes of
transportation...

...should
be integrated
with the
freight rail
system...

...The
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should
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the cost...

...It should
be safe, fast
reliable and
comfortable...



Section 2: Commuter rail service Full report

1. Introduction

In March 1999, the Governor created the Blue Ribbon Task Force on Passenger Rail to review passenger rail services, including commuter and intercity rail services.

The charge to the Task Force was to provide specific recommendations regarding the expansion of passenger rail service in Wisconsin. The Task Force addressed issues related to intercity high speed passenger rail service in an Interim Report, dated December 27, 1999.

In September 1999, the Task Force appointed a Commuter Rail Process Subcommittee to develop a work plan for addressing commuter rail issues. The full Task Force reviewed and adopted the work plan at the December 1999 meeting. The plan was modified by the Task Force at the April 2000 meeting.

The Task Force met regularly throughout 2000. It heard presentations on commuter rail systems in other states, WisDOT staff reports and briefings on policy issues related to commuter rail. Finally, the Task Force formulated, and discussed policies to initiate and sustain commuter rail systems in Wisconsin.

The first phase of the Task Force's work focused on gathering information and data on commuter rail systems in various stages of development in Wisconsin and other states. Phase two focused on developing policy alternatives for the key issues facing the Task Force. The final phase of the Task Force's work involved formulating and approving the findings and conclusions that would be included in the Task Force's final report.

Task Force meetings and topics

In January 2000, the Task Force heard presentations from WisDOT staff and a representative of the Federal Transit Administration's (FTA) Office of Planning. The FTA representative provided an overall program summary of the New Start Program, current funding levels, the planning and project development process, and the criteria and ratings' process FTA uses when making financial award decisions. WisDOT staff reported current funding levels and state funding policies for transit. The WisDOT presentation also outlined several transit-related definitions and the high efficiency ratings of Wisconsin's transit providers.

Task Force on Passenger Rail Service

2000 Meetings

Meeting #1: January 24, 2000, Madison

Topics: Current Transit Services and Funding in Wisconsin; Federal Transit Authority New Start Process

Guests: Linda Lovejoy, WisDOT; Sean Libberton, Office of Planning, Federal Transit Authority, US Department of Transportation

Meeting #2 February 21, 2000, Madison

Topics: Southeastern Wisconsin Commuter Rail Feasibility Analysis; Commuter Rail Experience in Other States.

Guests: Ken Yunker, Southeastern Wisconsin Regional Planning Commission; Phil Pagano, Metra

Meeting #3: March 27, 2000, Madison

Topics: Dane County Alternative Analysis; Commuter Rail Experience in Other States

Guests: David Trowbridge, Dane County Alternatives Analysis; Joseph Giulietti, Tri-Rail, Florida

Meeting #4: April 24, 2000, Madison

Topics: Commuter Rail Experience in Other States

Guests: Lonnie Blaydes, Dallas Area Regional Transit Commuter Operations

Meeting #5: May 22, 2000, Waukesha County Expo Center, Waukesha

Topics: Commuter Rail Experience in Other States

Guests: Patrick Simmons, North Carolina Department of Transportation

Meeting #6: July 24, 2000, Madison

Topics: Transportation and Commuter Rail Finance in Other States, Commuter Rail Policy Issue Considerations for Wisconsin

Guests: Casey Newman, Aaron Talley and Robert Kranz, WisDOT staff

Meeting #7: August 28, 2000, Johnson Foundation Wingspread Conference Center, Racine

Topics: Update on New Start Program, Commuter Rail Planning Efforts in Racine; State and Local Roles

Guests: Peter A. Peyser Jr., Peyser and Associates, Washington DC; Matt Wagner, Downtown Racine Corporation

Meeting #8: October 6, 2000, Madison

Topics: Funding and Governance Options for Commuter Rail in Wisconsin

Meeting #9 November 10, 2000, Olympian Resort and Convention Center, Oconomowoc

Topics: Discussion of Key Commuter Rail Issues

Guest: Eugene Skorowpowski, Managing Partner, Capital Corridor Joint Powers Authority, Oakland, California

Meeting #10 November 20, 2000, Madison

Topics: Discussion of Draft Report

The January meeting also included the first of several formal Task Force discussions on the definition for commuter rail in Wisconsin.

The February Task Force meeting featured presentations on the status of the commuter rail alternatives analysis in Southeastern Wisconsin and Metra, the existing commuter service in the Greater Chicagoland area. The Metra representative provided a case study of a commuter rail system in a rail corridor adjacent to Southeastern Wisconsin.

At the March meeting the Task Force heard a progress report from a representative of the transit alternatives analysis project underway in Dane County.

The Task Force continued gathering information and data on commuter rail systems in various stages of development in other parts of the U.S. at the March, April, May and July meetings. In March, a representative of the Tri-Rail system in south Florida presented information detailing their development from a project created over a decade ago as a temporary measure to relieve traffic congestion. Tri-Rail is now a permanent commuter rail system on the brink of greatly expanding its size and capacity. The April meeting featured a presentation from an officer of Trinity Rail in Dallas, Texas. Trinity Rail is just one element of a broad, multi-modal approach to transportation in the Dallas area and illustrates the complexities of regional integration of commuter rail with existing transit systems. Finally, at the May meeting, Task Force members heard a North Carolina DOT representative discuss the early development stage of commuter rail in his state.

In July, the Task Force concluded the information gathering phase of its deliberations. At this meeting, WisDOT staff members presented information on other states transportation and transit financing, and the results of a national survey of commuter rail and regional transit systems. These findings were the result of studies requested by the Task Force at the April meeting.



The WisDOT findings indicate that states rely heavily on highway user fees as the foundation for transportation funding, although states often supplement user fees with general funds. States in the survey were found to use two basic strategies to broaden this revenue base for transit services: dedicated state fees and local option taxes. The staff also reported that federal and local funds are the primary funding sources for the surveyed transit and rail systems, with general funds the most common state revenue source.

The Task Force launched the policy development phase of its work at the July meeting. WisDOT staff presented funding and governance policy considerations for the Task Force and provided four funding alternatives for the Task Force's consideration. Task Force members also engaged in a facilitated discussion of a document drafted by WisDOT staff that outlined general principles for commuter rail in Wisconsin.

In August, the Task Force meeting was held at the Johnson Foundation Wingspread Conference Center in Racine. At this meeting Task Force members heard an update on the federal New Starts Program from Peter A. Peyser Jr., Peyser Associates, Washington, DC. The presentation described the New Starts grant process and assessed Wisconsin's role

in the competition for New Start funds. Task Force members heard that the federal funding window is now open. They also heard a summary of essential components for success in the process. In addition, the August meeting included updates on the Southeastern Wisconsin alternatives analysis and commuter rail support efforts in the City of Racine.

At the August meeting, Task Force members formally adopted a definition of commuter rail and a document describing their general principles for commuter rail in Wisconsin.

Development of a final report on commuter rail

In October, the Task Force heard a WisDOT staff overview of funding and governance options for commuter rail, and discussed preliminary Task Force conclusions on these issues. On November 10th, the Task Force met at the Olympia Resort and Convention Center in Oconomowoc, Wisconsin and on November 20th in Madison, Wisconsin. At these meetings, the Task Force considered the important factors affecting the key issues of funding, governance and selection criteria and discussed how they should be presented in the final report.

2. Definition & guiding principles for commuter rail

Definition

The term commuter rail is used to distinguish a particular type of rail passenger service from various other services, including light rail, heavy rail, intercity rail and high speed rail.

These different services are often distinguished by one or more of the following: vehicle, train length, propulsion system, route length, station spacing, boarding platform, method of fare collection, operating speed, passenger market, and frequency of service during peak and nonpeak periods of service. When the Task Force began its deliberations in January 2000 it was unclear what the term commuter rail should mean within a Wisconsin transportation policy context. Over the months, as the Task Force listened to presentations by commuter rail experts from around the country and the WisDOT staff, a working definition of commuter rail slowly emerged.

At the January Task Force meeting, WisDOT staff explained for the Task Force that commuter rail was classified in Wisconsin as a type of urban mass transit. The Task Force also studied and discussed commuter rail definitions developed by the Federal Transit Administration and the American Public Transit Association. At the February meeting, WisDOT staff proposed a revised commuter rail definition for review by the Task Force.

...**Commuter rail definition:** passenger rail service operating primarily on existing freight and/or intercity passenger railroad tracks on a separate right-of-way between and within metropolitan and suburban areas, connecting these areas with large business and/or urban centers, whether within or across the geographical boundaries of a state. Commuter rail usually operates during peak travel times with limited stops and in conjunction with other transit modes as part of a regional transit system. Equipment type and trip distance will vary based on the technology available and desired trip market...

The Task Force adopted a definition of commuter rail at the August meeting held at the Wingspread Conference Center in Racine. After lengthy discussion of a substitute definition proposed by a Task Force member, a revised definition proposed by the WisDOT staff was approved:

Commuter rail: Passenger rail service operating primarily on existing freight and/or intercity passenger railroad tracks on a separate right-of-way between and within metropolitan and suburban areas, connecting these areas with large business and/or urban centers, whether within or across the geographical boundaries of a state. Commuter rail usually operates during peak travel times with limited stops and in conjunction with other transit modes as part of a regional transit system. Equipment type and trip distance will vary based on the technology available and desired trip market.

Task Force members believed this definition would allow for the flexibility needed to initiate and sustain commuter rail in a Wisconsin transportation policy context.

Guiding principles

In July, the Task Force reviewed and amended a set of draft principles for commuter rail in Wisconsin proposed by the WisDOT staff. During the August meeting at Wingspread, the Task Force adopted this document after further refining the draft prepared by the WisDOT staff.

The *Task Force Principles for Commuter Rail in Wisconsin*, developed at the meeting held at Wingspread in August, are patterned after those adopted by the Task Force in 1999 for intercity rail. They are intended as a general rationale for commuter rail in Wisconsin:

Principles for commuter rail in Wisconsin

The Task Force believes that any commuter rail system implemented in Wisconsin should meet the following principles to be successful.

1. *It should be competitive with other modes of transportation.*

- The system should provide speeds that make rail travel equal to or faster than auto travel within regional locations.
- A commuter rail system should be able to provide services demanded by a growing traveling public.
- It should be able to adjust to changing markets and the needs of customers.
- It should focus on services/features that other modes of transportation cannot provide.
- Fares should be competitive with other modes.

2. *It should be integrated with the freight rail system.*

- The system should enhance the overall rail network, while not negatively impacting the existing freight rail network.
- Its development should include the involvement of rail labor.

3. *The benefit should be worth the cost.*

- It should add value to the existing transportation system.
- It should provide general social benefits through improved mobility.

4. *The affected units of government must work in a cooperative fashion to study, develop and implement the system in a cost effective manner.*

- Local cooperation should be encouraged by the state and federal government.
- A robust alternatives analysis should determine the most cost-effective system to address regional transportation needs.
- Affected units of government should look beyond “turf” issues to collectively address regional transportation needs.

5. *It should provide a transportation choice that will connect people to jobs.*

- It should connect suburban areas and outlying communities to large business/urban centers in the region.
- It should be linked with other modes of transportation to provide seamless transitions to different modes.
- It should be planned as a component of Wisconsin’s total transportation system.

6. *It should be safe, fast, reliable, and comfortable.*

- The system should fully address safety issues such as rail crossings, etc.
- It should utilize appropriate technology to provide a smooth ride and provide excellent customer service.
- It should operate at frequencies that make the system a viable alternative for business travelers.
- It should operate on time and minimize travel delays wherever possible.

7. *It should provide advantages not achieved with other forms of transit.*

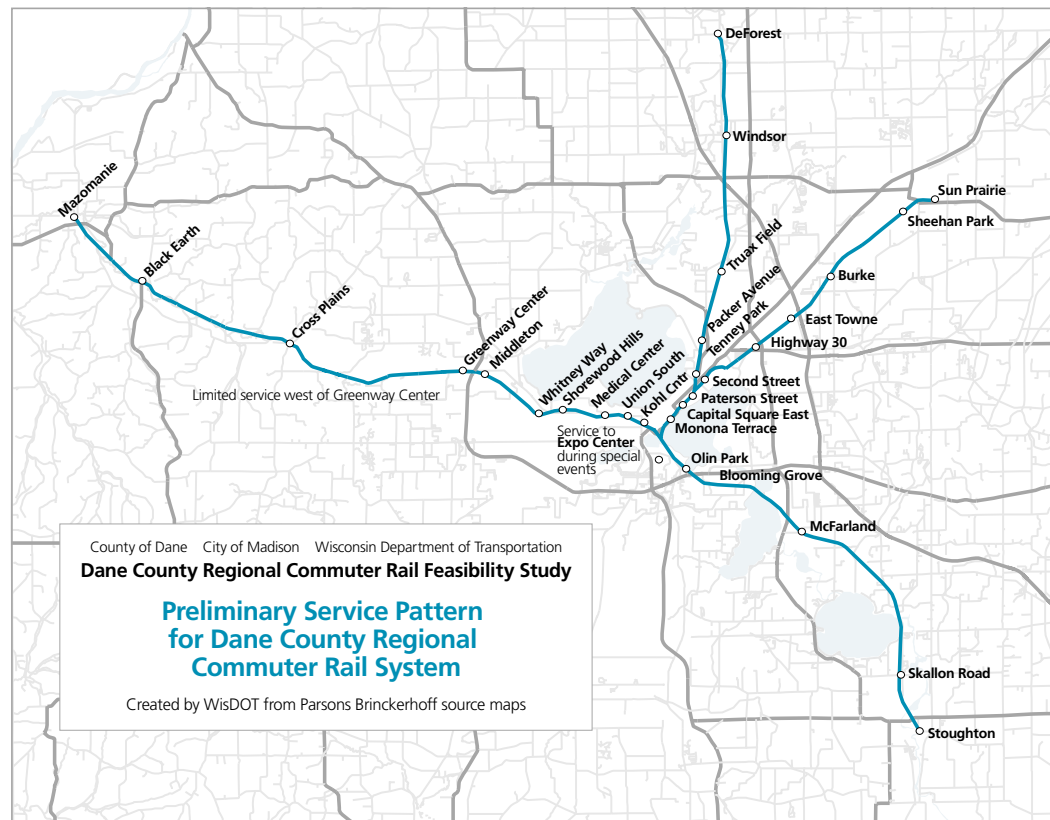
- It should promote economic development and help stimulate growth in urban areas.
- It should provide amenities appealing to the commuter rail traveler.
- It should run at times that accommodate the commuter rail traveler.
- It should add value to, or contribute towards improvements in:
 - land use patterns
 - redevelopment issues
 - safety
 - travel convenience
 - pollution mitigation

3. Current commuter rail studies

Commuter rail studies are currently being conducted in four potential corridors.

The Kenosha–Racine–Milwaukee corridor and the Dane County–Madison Metropolitan corridor studies are currently in the alternatives analysis phase, or Phase II. The Antioch, IL–Burlington, WI/Fox Lake, IL–Walworth, WI corridor and the Harvard, IL–Clinton, WI corridor studies are currently in the feasibility study phase, or Phase I.

WisDOT policies related to commuter rail require an initial or Phase I study and a more detailed Phase II study. The Phase I study must determine service viability, whether a proposed system will collect at least 85% of the national average farebox recovery rate. A positive service viability study requires more detailed study to determine if the system should be implemented. Such studies should address transportation objectives to be met by the system, expected ridership and cost levels, institutional issues like operator



identification and funding sources, and consideration of other transportation alternatives. The information included in this section is based on the presentations made to the Task Force by the respective study administrators.

Kenosha–Racine–Milwaukee corridor

A Feasibility Study was requested by the cities and counties of Milwaukee, Racine and Kenosha. This study was completed in June of 1998. It was funded 80% by WisDOT and 20% by the involved local units of government. It was guided by an advisory committee of representatives of the involved cities and counties aforementioned, the Wisconsin Department of Transportation, Union Pacific and Canadian Pacific Railroads, and Chicago's Metra.

ment of Transportation, Union Pacific and Canadian Pacific Railroads, and Chicago's Metra.

The scope of the study was to prepare a design and operating plan for a commuter rail service extension from Kenosha to Racine to Milwaukee. The study scope included capital costs, operating costs, and potential ridership of the extension. The extension would connect to Chicago's Metra service in Kenosha. That service is presently provided at no cost to Wisconsin taxpayers.

The commuter rail service extension was determined to be feasible, and a Transit Corridor Alternatives Analysis study was recommended.

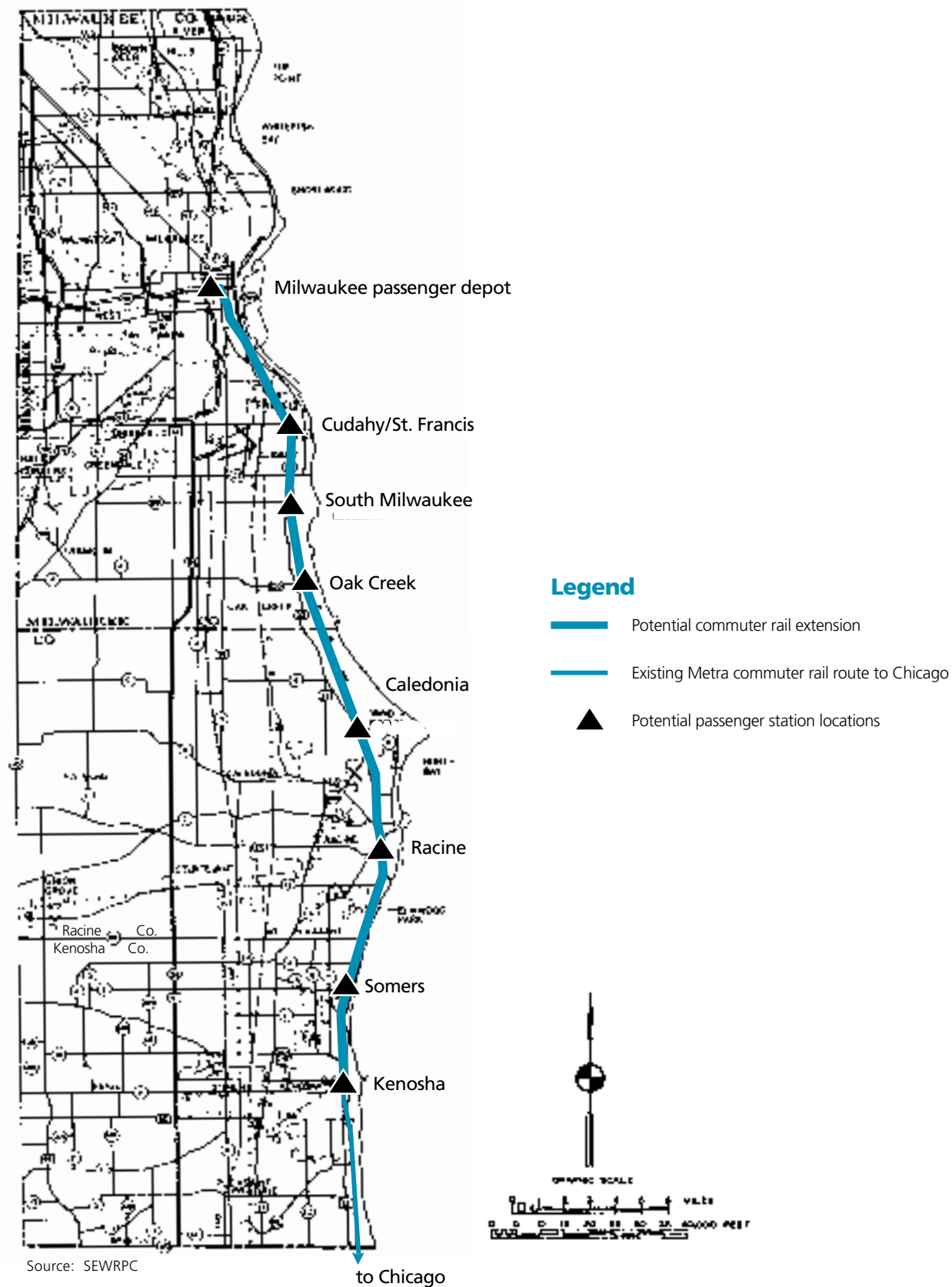
The Feasibility Study findings included estimates for a bi-directional starter system (Kenosha–Racine, route length 9 miles) and a bi-directional full system (Kenosha–Racine–Milwaukee, route length 33 miles).

- Capital costs were projected to be \$68 million for the starter system, and \$152 million for the full system.
- Annual operating costs were projected to be \$2.7 million for the starter system, and \$7.7 million for the full system.

Current commuter rail studies:

- Kenosha–Racine–Milwaukee corridor
- Dane County–Madison metropolitan area corridor
- Antioch, Illinois–Burlington, Wisconsin and Fox Lake, Illinois–Walworth, Wisconsin
- Harvard, Illinois–Clinton, Wisconsin

Potential commuter rail service in the Kenosha–Racine–Milwaukee corridor



- Percentage of annual operating costs recovered from passenger fares was estimated to be 40%. The level of estimated ridership is comparable to existing Chicago area commuter rail. The estimated operating cost per passenger mile is comparable to existing bus systems in WI.

The Transit Corridor Alternatives Analysis Study was initiated in January of 2000, requested by cities and counties of Milwaukee, Racine and Kenosha, to be carried out by the Kenosha-Racine-Milwaukee Corridor Transit Study Advisory Committee. The study will take 18 months to complete, and is being funded with 80% Federal/State funding and 20% Local funding. The purpose of the study is to determine whether to implement commuter rail or bus alternatives. The scope of the study is to: design commuter rail and bus alternatives, comparing the costs and benefits of each, and determine which to implement and how to manage and operate the service.

Dane County–Madison metropolitan area corridor

A Feasibility Study of commuter rail was conducted by Dane County and municipalities within, in cooperation with WisDOT (completed in 1998). The scope of the study was to prepare a design and operating plan for commuter rail service (including capital costs, operating costs, and potential ridership) for the Dane County/Madison metropolitan area. The commuter rail service was determined to be feasible, and an Alternatives Analysis was recommended.

The Feasibility Study findings included estimates for a starter system (Madison East Towne–Greenway Center, route length 14 miles) and a full system (route length 64 miles).

- Capital costs were projected to be \$90–104 million for the starter system, and \$221–281 million for the full system.
- Annual operating costs were projected to be \$5.4 million for the starter system, and \$11.2 million for the full system.
- Percentage of annual operating costs recovered from passenger fares were estimated to be 67% for the starter system and 53% for the full system.

The Corridor Alternatives Analysis was initiated in 2000 (18 months to completion, funded at 87% Federal/State and 13% Local). The purpose of the Alternatives Analysis is to compare and evaluate alternative transportation system improvements; including commuter rail, light rail, bus rapid transit, and street/highway expansion and improvements. The scope of the study is to develop: estimated capital and operating costs, detailed operations and forecasts, an assessment of impacts, a range of development scenarios, and a financial analysis for each alternative. The final alternative will need to be integrated with the existing transit system in Dane County, therefore the possible impacts on the existing bus transit system will be examined. The desired outcome is to develop a preferred investment strategy, including an implementation schedule, a land use/regional development strategy, and a financial and operations strategy.

Antioch, Illinois–Burlington, Wisconsin and Fox Lake, Illinois–Walworth, Wisconsin

The Southeastern Wisconsin Regional Planning Commission (SEWRPC) is also currently conducting preliminary feasibility studies of commuter services in these two corridors. Alternatives being studied include extension of Metra commuter rail services and establishing commuter bus connections to the existing commuter rail stations in Antioch and Fox Lake. The studies are still underway, but expected to be completed in early 2001.

Harvard, Illinois–Clinton, Wisconsin

A coalition of local communities in the southern Rock County area (Clinton, Beloit, and Sharon) as well as Rock County, have requested WisDOT funding to conduct a preliminary feasibility study of extending Metra commuter rail service from Harvard, Illinois to Clinton, Wisconsin. The study will identify the operational characteristics of the service and the resulting costs. It will forecast potential ridership, given the proposed service characteristics. The study will also identify capital needs for track, crossing and signal

improvement needs, as well as equipment. The study will also address the sources of financing that will be needed to fund anticipated subsidies. In addition, the study will identify options for institutional mechanisms for sponsoring contracted service from Metra. The study is estimated to cost \$85,000 and will be funded through a combination of state and local funds. It is expected to start in early 2001 and be completed in the Fall 2001.

4. Commuter rail benefits

As part of Wisconsin's future transportation system, commuter rail will provide a wide array of benefits to the traveling public of Wisconsin.

Commuter rail will offer an attractive and viable transportation choice for Wisconsin residents:

- Commuter rail will connect metropolitan areas, suburban areas and outlying communities with large businesses and/or urban centers.
- Commuter rail can improve mobility.
- Commuter rail can offer a fast, convenient, dependable, and comfortable transportation service.
- Commuter rail can provide a comfortable alternative for business travelers in high density travel corridors.
- Commuter rail can provide a convenient transportation alternative for traveling in inclement weather.
- Commuter rail can provide a mitigation option for highway reconstruction in urbanized areas.
- Commuter rail can be an important means of carrying people to their jobs.
- Commuter rail will provide an attractive transportation option for those who cannot or choose not to drive.
- Commuter rail can help reduce the rate of congestion growth, though it will not eliminate or likely even reduce the need for highway expansion.

Commuter rail will improve safety on existing rail corridors:

- Commuter rail implementation will lead to the installation or upgrade of crossing gates and signals at existing highway-rail grade crossings.

- Improvements to existing track will help both passenger and freight trains travel more safely and efficiently.

Commuter rail will create a wide range of economic benefits:

- Commuter rail could spur redevelopment and revitalization of central city and small community downtowns.
- Commuter rail implementation is expected to generate other development at or around stations, including new train terminals, retail space, office buildings, civic development, and parking areas.
- Commuter rail can improve property values if planned properly (near a station location), especially in suburban areas.
- Commuter rail can provide the access needed by major employers competing in a national or international economy to attract the best employees.
- Commuter rail will encourage efficient land use patterns by encouraging development and redevelopment of land near stations.
- Commuter rail can enhance the overall rail network while not negatively impacting the existing freight rail network.
- Commuter rail will add both direct and indirect jobs in the system area: jobs related directly to the rail system, and jobs resulting from the adjacent economic development.
- Commuter rail will add another facet to Wisconsin's statewide multimodal, 21st century transportation system.

...Commuter rail will offer an attractive and viable transportation choice for Wisconsin residents...

...Commuter rail will improve safety on existing rail corridors...

...Commuter rail will create a wide range of economic benefits...

5. Task Force findings related to commuter rail

Throughout its meetings, the Task Force received and discussed a wide range of information related to commuter rail passenger rail and transportation.

Based on the deliberations, the Task Force makes the following findings regarding commuter passenger rail in Wisconsin.

Findings on commuter rail

- Commuter rail service elsewhere in the nation provides an alternative for business travelers in high density travel corridors.



- Commuter rail systems elsewhere in the nation are integrated with other forms of public transit.
- Commuter rail systems elsewhere in the nation are important in carrying people to their jobs.
- Commuter rail elsewhere in the nation generates a relatively high farebox return ratio.
- Commuter rail systems can contribute to the redevelopment and revitalization of central cities and small community downtowns.
- Commuter rail systems can improve property values if planned properly, especially in suburban areas.
- Communities that have mature transportation systems (including commuter rail) are more attractive to major employers.
- Highway congestion, route convenience, station location and population density in the travel corridor are key commuter rail ridership factors.
- Rail line ownership is not required for the successful commuter rail implementation.
- A commuter rail system must be coordinated with freight, high speed and passenger rail.

- A commuter rail system should be integrated with the total transportation system, in both the planning and implementation stages, including highways, rail, bike/pedestrian, airport and harbors.
- Commuter rail can be a mitigation tool for major highway reconstruction projects.
- Commuter rail can help to reduce the rate of congestion growth, but will likely not reduce or eliminate the need for highway expansion.

Findings related to federal, state and local funding

Federal funding

- Federal funding is currently available to states for commuter rail capital costs through the Federal Transit Administration's New Starts Program, but the needs currently exceed the available funds. There is tremendous competition for existing funds.
- Interest in obtaining new federal funds and mechanisms for providing these funds for commuter rail is increasing.

- Little or no federal funds are currently available for commuter rail operating costs.
- The unique benefits of a commuter rail project are an increasingly important criterion used by the federal government in ranking qualified projects.
- The typical federal contribution by the FTA for New Start projects is 50 percent.
- A reliable, dedicated revenue source for the nonfederal match is preferred by the FTA when it considers project proposals.
- Some commuter rail projects have received federal New Start funds through the earmark process, although large earmarks over a 5–6 year period are unusual.
- Implementation of an intercity passenger rail system in Wisconsin could be helpful in obtaining federal New Start funds.
- The FTA will consider in-kind contributions, such as previous contributions related to intercity rail implementation, as part of a nonfederal match for corridors with commuter rail.
- In 30 years of federal support for New Starts, Wisconsin has yet to implement a major rail transit project with federal New Starts funds, although every other Great Lakes state has done so.
- The federal government currently provides grants on a competitive basis for commuter rail capital costs through the New Starts program.

State funding

- Nationally, highway user fees are the primary source of revenue for state transportation purposes.
- General funds and related special purpose revenues are used in many states for transportation.
- States that allow expenditure of highway-user fees for transit typically supplement their appropriations from other revenue sources.
- Wisconsin is unusual in that its highway user fees account for 98% of its state transportation funding and state support for public transit is solely funded from highway user fees.

- States commonly provide funds for public transit operating and capital assistance. Level and sources vary.
- Some states place limits on their share of public transit funding through farebox requirements and caps on operating expenses.

Local funding

- Of the systems surveyed, local and federal funds are typically the primary funding sources for public transit systems.
- Local funds for transit come from a variety of sources, including: sales tax, municipality fees, property taxes, bonding, payroll/employer tax, motor vehicle excise tax, vehicle registration, and vehicle rental tax.
- Of the systems surveyed, farebox revenues are typically the largest, single operating funding source for public transit.

Findings related to governance

- Two of fifteen systems surveyed are fully managed and operated by the state.
- Legislation enabling the creation of regional transit authorities (RTA) or cooperatives is widespread and often provides authorization for local option taxes dedicated to transit, including passenger rail.
- RTA enabling legislation can be very broad or narrow.
- RTA's are typically governed by formal bodies representing the participating communities.
- Most, if not all, of Wisconsin's current transit systems are operated by a single governmental entity.
- The FTA criteria for New Starts funding are silent on a preferred specific form of governance for commuter rail.

final report

Commuter rail service Full report

...Nationally,
highway user
fees are
the primary
source
of revenue
for state
transportation
purposes...

...Wisconsin
is unusual
in that
its highway
user fees
account
for 98%
of its state
transportation
funding
and state
support for
public transit
is solely
funded from
highway
user fees...

Findings on the barriers to implementation of commuter rail in Wisconsin

- Integrating commuter rail with existing bus systems must be addressed.
- Limited funding sources at the state and local level are a barrier to commuter rail implementation.
- Requests for federal New Starts funding exceed available funds.
- It is unclear whether local units of government in Wisconsin want additional local revenue options.
- New revenue sources are needed to fund commuter rail.
- One of the largest challenges facing municipalities with commuter rail stops is provision of adequate parking.
- Currently, there are no dedicated taxes available for transit in Wisconsin.
- No examples of regional government for transportation purposes exist in Wisconsin.
- The two largest potential commuter rail projects in Wisconsin are still in their analysis phases.
- Local units of government depend heavily on property taxes.
- The state's transportation funding needs will increase dramatically over the next two decades.
- Allowing commuter rail systems to be eligible for state transit operating aids under the current operating aid program is not appropriate because it would be potentially harmful to existing bus transit systems.

6. Key commuter rail issues

Wisconsin, at both the state and local levels, has not to date developed comprehensive policies regarding the development or funding of commuter rail.

The work of the Governor's Blue Ribbon Task Force on Passenger Rail is an opportunity to provide valuable information and insights gained from ten Task Force meetings to the Governor. The Task Force has identified the important issues that will need to be addressed and decisions that will need to be made at both the state and local levels on the role of state and local entities in the development and operation of commuter rail systems in Wisconsin.

WisDOT and local government involvement in commuter rail development has not gone beyond the study level. Over the course of its year 2000 deliberations, the Task Force identified key policy issues that need to be addressed at the state and local level regarding commuter rail. The following is a brief review of the key policy areas identified by the Task Force and a discussion of some of the critical issues related to these policy areas.

After hearing presentations from representatives of several existing commuter rail systems from around the U.S., and using the Executive Order establishing the Task Force as a guide, the Task Force determined the need to focus their deliberations on three main policy areas:

- Funding
- Governance
- Selection Criteria

In each of these areas, the Task Force considered and discussed information on a variety of issues and topics, including: experiences and practices in other states; current relevant statutes, programs and policies in Wisconsin; the characteristics of the two regions of the state where commuter rail projects are currently being considered; the feasibility of developing support among the affected local units of government and the State Legislature for commuter rail projects; and the relative importance of commuter rail to Wisconsin's transportation system.

The Task Force's discussions of these three policy areas focused primarily on the following key questions:

- What is the appropriate role of the State in this policy area?
- What is the appropriate role for local governments in this policy area?
- Does commuter rail function more as an urban transit system or as a state highway?
- What models should be used for developing commuter rail policies in Wisconsin?
- What priority does the State, and do local governments in Wisconsin, place on commuter rail?

Funding

The Task Force asked a number of questions during its discussions of potential funding policies for commuter rail in Wisconsin. The primary questions that the Task Force discussed were:

- How do other states and local units of government fund commuter rail?
- What is the appropriate share of financial support that should be provided by the State?
- What is the appropriate share of financial support that should be provided by local governments?
- What can the State afford? What can local governments afford?
- What share of funding can be expected from the federal government?
- What are appropriate sources of revenue for commuter rail?

Currently, no commuter rail capital or operating cost share policies exist in Wisconsin. The Task Force supports the existing state policy on cost-sharing for feasibility analyses. Under this policy, the State will provide 80% (up to \$100,000) of the costs of a 'Phase I' (feasibility analysis) study.

Issues that were raised as part of the Task Force's discussions on funding for commuter rail include the following:

No model exists in Wisconsin for transit-related capital costs, because the State does not currently provide funding for the capital costs of transit. In addition, the high capital costs for commuter rail compared to bus transit systems make commuter rail unlike current transit systems in Wisconsin. Capital costs are typically related to the purchase of tangible physical property, including rolling stock, facilities and equipment with a life of greater than one year. Operating costs are typically associated with the operation of a transit agency, including maintenance, vehicle operation and general administration.

It became clear that capital costs and operating costs should be treated independently in the Task Force's discussions on funding.

The Task Force recognized that commuter rail projects in Wisconsin would require at least 50% cost-sharing for capital expenses by the federal government, leaving the remainder to be shared by the State and/or local governments. The Task Force also recognized that there are only minimal federal funds available for commuter rail operating costs, and these are only available in unique circumstances.

The Federal Transit Administration's New Starts Program

FTA's discretionary New Starts program is the federal government's primary financial resource for supporting fixed guideway capital investments. Projects eligible for New Starts funding include any fixed guideway system that utilizes and occupies a separate right-of-way or rail line, or uses a fixed catenary system (suspended electric cables) for the exclusive use of mass transportation. New Start funding is available for the design, construction, and testing of new fixed guideway systems and extensions to existing systems.

Since its inception in the 1970s, the New Starts program has funded over 100 projects. To be eligible for New Starts funds, projects must be listed in the multi-year transportation authorization. (TEA-21 is the current authorization). TEA-21 includes over 190 projects (including the Southeastern Wisconsin and Dane County projects) to compete for New Starts funding. Once authorized, these projects must complete the alternatives analysis process, be evaluated by FTA against their New Start Criteria, and be approved by FTA and Congress for funding. Projects that receive New Starts funds enter into a full funding grant agreement (FFGA) with FTA.

To qualify for New Starts funding, the selected projects must be the result of a rigorous study process. This required process includes an initial feasibility study, followed by a detailed alternatives analysis. Projects can be submitted to FTA for funding approval at the conclusion of this study process. FTA uses the following criteria to evaluate these projects.

New Start evaluative criteria

The New Start evaluative criteria included in TEA-21 are designed to capture the range of benefits and impacts resulting from the implementation of the proposed project. The criteria and the current measures that make up each criterion are summarized below:

Mobility improvements

- Travel time savings due to preferred alternative
- Access provided to low-income users of the system

Environmental benefits

- Emission reductions (especially in non-attainment areas)
- General reductions in energy consumption

Operating efficiencies

- Operating costs/passenger mile compared with similar peer systems

Cost effectiveness

- Incremental cost per new rider as compared with similar peer systems

Transit supportive land use

- Stresses efficient, compact development in urban areas for both:
 - Existing environment
 - Long-term plans

Other factors

- Open question—applicant can provide any additional information they feel helps their case (economic importance, local support, innovative financing, public/private partnerships, regional cooperation, “major league” community issues, etc.)

Local financial commitment

- Proposed level of non-federal share (must be at least 20%)
- Stability and reliability of capital financing plan
 - Are revenue sources committed by locals/state?
 - Is the revenue source adequate to cover non-federal share?
 - Is the revenue source reliable—will it be available for the life of the capital financing plan?
- Stability and reliability of operating financing plan

Following this evaluation, projects are designated as highly recommended, recommended or not recommended. Actual funding awards are then tied to the total funding available and the level of funding requested. Under federal law, New Starts funds can cover as much as 80% of the total capital project costs. For recently funded projects, New Starts funds have accounted for 50%–60% of the total capital costs. The funding agreements announced by FTA that are to begin in FY 2001 are listed below (the New Starts share of the total capital costs is listed in parenthesis):

- Hudson–Bergen, NJ LRT extension: \$721.6 million (65%)
- Denver Southeast Corridor LRT: \$525 million (59%)
- Twin Cities Hiawatha LRT: \$270 million (50%)
- Baltimore/Central LRT Double Tracking: \$120 million (78%)
- CTA Chicago/Douglas Branch Reconstruction: \$320 million (71%)
- Chicago/Metra South West Corridor Commuter Rail: \$103 million (63%)
- Memphis/Medical Center Extension LRT extension: \$55 million (80%)
- Pittsburgh/Stage II LRT Reconstruction: \$100 million (26%)
- Portland/Interstate MAX LRT Extension: \$257 million (73%)
- Salt Lake City/CBD to University LRT: \$84 million (80%)
- Seattle/Central Link LRT: \$500 million (33%)
- Washington, D.C. Metropolitan Area Metro Largo Extension: \$260 million (60%)



Total funding levels

Approximately \$9.6 billion will be available in New Starts funds between federal FY 2001 and federal FY 2009. It is estimated that roughly half of that total is committed to projects already or soon to be approved for funding. Consultants working to acquire funds for the Southeastern Wisconsin project have indicated that projects farther along than those in Wisconsin will absorb \$3.75 billion of the remaining funds, leaving \$1.1 billion left for Wisconsin projects and others to compete for. The consultants estimate that roughly half of the projects currently authorized will move far enough through the evaluation process to receive New Starts funds.

In the 30 years of federal support for New Starts projects, Wisconsin is the only Great Lakes state that has not implemented a major transit project with New Starts funds.

Local funding options

The Task Force found that local governments in Wisconsin are almost entirely dependent on the property tax for providing the local share of transit operating costs (in addition to fares) and capital costs. Local units of government have limited options for addressing potential commuter rail costs. A reliance on the property tax may be suitable for addressing transit needs within one jurisdiction, but in a multi-jurisdictional situation, a complete reliance on the property tax may not be workable.

A number of local governments and states around the country have determined that a dedicated regional revenue source collected at the same rate throughout the geographic region is the best alternative for funding transit at the regional level. Most other states provide local governments with the authority to enact dedicated local revenue options (such as a local sales tax) to supplement local property taxes for transit expenses. Illinois, Texas, North Carolina, Washington State and California all provide a local sales tax option to communities. The Task Force reviewed a series of local option taxes and fees. Those options are included in Appendix F.

The Task Force discussed potential revenue sources at the state level and the local level for commuter rail systems. At either level of government, given the current revenue sources available, it would be extremely difficult to either raise the level of revenue collected, or to divert funding from an existing activity to commuter rail. The Task Force concluded that, in order for commuter rail projects to be implemented in Wisconsin, it is likely that the transportation revenue stream would need to be broadened in a manner to be determined by the appropriate decision makers (e.g. the Governor and the State Legislature), that does not require a tax increase. The Task Force also discussed the complex issues related to potential funding options at the local level and agreed that the property tax was not a viable source of funds for commuter rail. The local option fees reviewed by the Task Force can be found in Appendix F.

The Task Force believes there needs to be a significant state role in the funding of commuter rail in Wisconsin, both for capital and operating costs. The large, up-front capital costs associated with commuter rail, unlike urban bus systems, will make it extremely difficult for a local government or a region to develop a commuter rail system without a significant level of state financial support. In addition, state participation is justified on the basis of the state having an interest in commuter rail, because its development would promote the achievement of certain state goals (increasing modal choice, transporting citizens to their jobs, promoting the efficient use of land, etc.). However, consensus was not reached by the Task Force on what ought to be the precise level of state funding, for either capital or operating costs, for commuter rail.

For illustrative purposes, the Task Force asked staff to develop several funding scenarios representing different levels of state and local funding, for both capital and operating costs, using the Dane County and Southeast Wisconsin proposals as examples, to illustrate the magnitude of funding that could potentially be needed under different commuter

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rail funding policies. These scenarios are included in Appendix D. The Task Force concluded that each scenario has some level of viability.

***Prevailing Task Force perspectives
on capital cost funding***

As the Task Force moved through its deliberation process, two “prevailing perspectives” on capital funding for commuter rail developed. One group of Task Force members believes that there must be a local share (and a state share) provided toward the non-federal share of capital costs of commuter rail projects in Wisconsin. Another group of Task Force members believes that all non-federal capital costs should be covered entirely with state funds. At the October and November Task Force meetings, it became clear that bridging the gap between these two perspectives would be difficult. The Task Force decided to include and discuss both perspectives in its final report, in order for decision-makers to understand the difficult issues surrounding commuter rail implementation in Wisconsin, and the types of decisions that will need to be made if commuter rail is to be implemented in Wisconsin.

***Issues related to a “required
local cost share” policy***

The Task Force discussed whether or not the State Legislature would provide state funding for commuter rail systems if no local cost-sharing were provided. A number of Task Force members thought it was unlikely, since the limited service areas of the two commuter rail systems currently under consideration in Wisconsin do not offer any benefits to residents in Northern, Western or Northeastern Wisconsin. Some Task Force members felt that these “out-state” interests may be more willing to support the use of state funds if the affected local governments are willing to share the costs.

The FTA review process for New Start funds encourages a high level of non-federal funding participation. Spreading the non-federal share of costs across more than one level of government could potentially increase the likelihood that the total non-federal share might be higher than if it was the responsibility of only one level of government. This could improve the chance of receiving federal New Start funds, and therefore, of commuter rail implementation.

A 'shared funding' policy would be more likely to promote a cooperative approach to commuter rail development in Wisconsin than under a scenario where the state must provide all of the non-federal share. A shared funding policy, especially a funding policy based on the state and local governments 'splitting equally' the non-federal share of project costs, would encourage state and local governments to work together to garner support and maximize federal funds.

A shared funding policy would be similar to the state's current funding policy for bus transit systems, i.e., a federal-state-local cost-share. Some members of the Task Force argued, however, that the commuter rail funding policy should instead be modeled after the State's 'state highway funding policies', i.e., no local share required, because commuter rail trips are trips that otherwise would be made largely on state trunk highways.

Emerging state transportation funding needs (estimated at \$250 million per year for the next 20 years for the Southeast Freeway system, \$120 million over 10 years for the Midwest Rail Initiative in Wisconsin, plus the potential commuter rail costs discussed earlier) and the political difficulty of increasing state transportation revenues make it likely that some level of financial assistance and/or other non-monetary forms of support from the local units of government would be necessary for any commuter rail project to be implemented.

Pros:

- Would encourage state and local governments to work together to garner support and maximize federal funds.
- State legislators who are not from the proposed commuter rail service areas may be more willing to support the use of state funds for commuter rail if the locals are willing to share the non-federal capital costs with the state.
- Shared state and local funding could potentially increase the non-federal share, and would therefore increase the chance of project implementation.
- A shared funding policy would reduce the financial burden at the State level.
- Would legitimize local units of governments' leadership, management and interest in the commuter rail project

Cons:

- It could be difficult for local governments to identify a funding source.
- Other transit systems might argue that a portion of their capital costs should be covered by the state as well (the state does not currently fund bus transit capital costs).

Issues related to a "no local share" policy

A number of Task Force members suggested that commuter rail capital costs should be treated the same as under the Task Force's funding recommendation for intercity rail capital costs, i.e., funded 20% state and 80% federal, with no local cost-share requirement.

A commuter rail system could be considered to operate in a fashion similar to a State Trunk Highway, therefore, the State Trunk Highway funding model (100% state/federal funds in most cases) should be used as a model for a commuter rail capital costs funding policy. Since the State does not require a local cost-share on state highways, any position that local governments need to 'show monetary support' for commuter rail would be inconsistent with the state's policy on state trunk highways. It was suggested that perhaps 'local support' could be demonstrated by local governments donating land for parking lots, constructing stations, or making other, non-monetary donations.



Concerns were expressed that current revenue sources for local units of government have been used to the extent the public will allow, and cannot be increased to provide funding for commuter rail. Even with new state enabling legislation to implement local option taxes or fees, in the present climate, it is unlikely that there would be the political will to enact any new fees at the local level for implementation of commuter rail.

A number of Task Force members suggested a rationale for a ‘no local share funding policy’, arguing that commuter rail systems in limited areas of the state do benefit the whole state, because such systems improve the quality of life for certain residents, and, although intangible, this benefits even those citizens of the state who may never use the system. For example, a state park in one part of the state that a citizen may never visit still provides a benefit to that citizen, because it improves the quality of life in Wisconsin ‘as a whole’.

Pros:

- From a local perspective, commuter rail would be treated in a similar fashion as the state trunk highway system.
- Controversial governance issues could be avoided, because it would likely be an almost entirely state-managed system.
- The entire non-federal share would be spread out over a very broad revenue base, i.e., the entire state. This would spread the financial burden across all state residents, not just one region.
- A local funding source would not need to be identified.

Cons:

- With emerging needs and constraints on both the Transportation Fund and the General Fund, resources at the state level are scarce.
- It may be difficult to convince “out-state” representatives to support such a proposal.
- It is unlikely that the modal shift resulting from commuter rail implementation will reduce the need for highway-related improvements for parallel State Trunk Highway routes,

therefore, the argument that commuter rail is similar to a state highway may not be supported by decision-makers.

- This approach could be perceived as demonstrating a lack of local support.
- The system operator (the state) would be separate from the decision making-entities that drive the need for a regional transportation system (local units of government).

Operating costs for commuter rail

Many of the operating cost issues discussed by the Task Force were discussed in the context of both capital and operating costs, and have been included in the general discussion of funding issues (above). As mentioned above, staff developed a number of potential funding scenarios (included in Appendix D), and as with capital costs, the Task Force did not reach consensus on any one operating cost policy recommendation. The Task Force believes that each operating cost scenario has some level of viability.

In addition to the issues included in the general discussion of funding, the Task Force discussed a number of additional issues unique to operating cost policy development.

The structure of the current mass transit operating aid program, and the unique characteristics of commuter rail systems, make it inappropriate to use the existing transit operating aid program to fund commuter rail operating costs. Some of these unique characteristics include:

- Fare box recovery ratios that are typically higher than urban bus mass transit.
- Different route and service areas.
- Different market characteristics.
- Different treatment under the federal urban mass transit operating assistance program.

Task Force members agreed that commuter rail operating costs should not be funded out of existing transit operating aid funds. Existing urban bus transit systems should be held harmless from any commuter rail operating cost-share policy, and a new source of revenue should be found for commuter rail. Any process to develop a new commuter rail state operating aid program should include a broad review of the current

operating aid policies for bus transit in order to ensure appropriate coordination of state transit operating aid policies.

Governance options for commuter rail

Another critical question debated by the Task Force was: What role should the state and local units of government have in the governance of commuter rail systems in Wisconsin? More specifically, who will own the system and make policy decisions regarding the system?

Regions around the country have utilized several different types of governance models for commuter rail systems. In most cases, the commuter rail system serves an area that is larger than one or several local units of government, so some type of regional entity is needed to operate the system. The most common model is the Regional Transit Authority (RTA). Participating local units of government may be represented on a commission or oversight board, but the RTA typically operates as a stand-alone special purpose district, similar to a sewer district or school district.

There have been several attempts to address regional transportation issues in Southeastern Wisconsin through the creation of a regional transit authority. The last of these attempts was in 1993. For a wide range of reasons, these attempts have been unsuccessful. Partially due to these previously unsuccessful attempts to form an RTA in Wisconsin, the Task Force asked staff to provide them with information on several other governance models for commuter rail systems. These included:

- an entirely state-managed system
- cooperative arrangements
- non-profit corporations
- A single county entity (e.g. Dane County)
- Regional Transit Authorities

Each of the governance options is briefly described below.

State ownership and operation

Under this scenario, the state of Wisconsin would own and operate the commuter rail or regional transit system. Other than local fares, the majority of capital and operating dollars for the non-federal share would be

paid for by the state with Transportation Fund revenues, General Fund revenues, or some other state revenue source.

This structure would probably require a current WisDOT Division or District Office to assume responsibility for the system. Another possibility would be to create an office or commission to run the system that would report to the Secretary's Office. WisDOT could internally determine the structure and make-up of the system administration.

Under this scenario the state (in consultation with the local governments in the region) would determine the type of service, fare structure and the geographical area to be served by the regional service.

Cooperative agreements or partnerships

In 1997 the Transportation Finance Study Committee reviewed an option that would allow "transportation cooperatives" based on a series of existing statutory authorities that permit local units of government to share services through cooperative agreements, and share revenue through tax base sharing provisions. A similar framework could be used to provide commuter rail or other regional transit service. The applicable statutes include:

- Tax base sharing (s. 66.028)
- Consolidation of Municipal Services (s. 59.03(2))
- Intergovernmental Cooperation (s. 66.30)
- City, village and town transit commissions (s. 66.943)

The critical component missing from all of these statutes is the ability to levy a local option fee or tax. Property taxes are the only revenue that can be used to fund these transit cooperatives.

Private non-profit corporation

Under this scenario, the state or a group of local governments could contract with a private, not for profit corporation to provide regional transit service. A possible model for this concept is the Community Development Corporation framework. In Oregon, the state can issue "No-Commitment Debt" to private entities that provide a "beneficial" service. The debt bears the name of the state, but is secured by the credit of the private entity.

final report

Commuter rail service Full report

...The Task Force concluded that all potential governance models have some level of feasibility in Wisconsin, and should be included in the final report as potential governance options...

...The Task Force believes that the type of governance model selected will be determined based on the funding policy that is ultimately chosen, system characteristics, and geographic location of the system...

The state has no obligation for the debt, but could make payments, if it chose, equal to the debt service.

Revenues beyond fare-box could be provided by either the state or the locals through the contractual agreements.

This option would need additional scrutiny, especially from a legal perspective.

Single county entity

The system under review in Dane County would not go beyond the county borders, so a county level management scenario could be used to operate the system. The characteristics of this system could be similar to the state-managed system, but the commuter rail agency or office would be at the county level.

Under this scenario the county (in consultation with the local governments in the region), would determine the type of service, fare structure and the geographical area to be served by the county service.

Regional Transit Authority

Under this scenario, the state would pass authorizing legislation allowing communities in Wisconsin to form regional transit authorities to address commuter rail and possibly other regional transit needs. An RTA is a special purpose district (usually with the ability to levy taxes and raise revenues) responsible for the delivery of one or more types of transportation service, in a pre-defined geographic area that includes multiple units of local government. An RTA Board that typically consists of representatives of the participating communities is responsible for policy decisions.

Two potential RTA legislative options are: 1) Detailed legislation that provides specific language regarding the characteristics of an RTA, or 2) Broad legislation that would allow a self-identified region to decide on the specific RTA characteristics best suited to their region.

The five main characteristics of an RTA that would require consideration include:

- Breadth of responsibilities
- Geographic area
- Type of governing body
- Ability to generate and spend revenue
- Ratification method

The Task Force concluded that all potential governance models have some level of feasibility in Wisconsin, and should be included in the final report as potential governance options. The Task Force believes that the type of governance model selected will be determined based on the funding policy that is ultimately chosen, system characteristics, and geographic location of the system. The Task Force did not want to arbitrarily limit the governance options considered by decision-makers.

A copy of the full report provided to the Task Force on Governance Options is included in Appendix E.

Operations vs. governance

The Task Force wished to make a clear distinction between the governance issues described above and issues related to the actual operation of the rail system. Governance deals primarily with the management and policy decision-making related to the commuter rail system. The 'operations' function of the system deals primarily with carrying out the policies and desires of the governing body, on a day-to-day basis. Operations could be handled in a number of different ways:

- By contract with an existing passenger rail service provider (e.g. Amtrak or Metra).
- By contract with a private passenger rail service provider or freight rail provider.
- By contract with a new, publicly or privately owned rail service provider.

The Task Force has determined that all of these options should remain open—no preferred operational model is recommended by the Task Force.

Selection criteria

The key questions discussed by the Task Force on the issue of selection criteria were: Who decides that a particular commuter rail project proposal will receive state funding? And, what process will be used to make the decision?

The Task Force discussed a number of different options that the State could use to determine whether any given commuter rail project proposal would qualify for state funding. The FTA New Starts criteria were discussed at some

length by the Task Force. The Task Force supports the use of criteria very similar to the New Starts criteria, with the addition of selection criteria that are appropriate for Wisconsin.

The Task Force emphasized the following selection criteria as particularly relevant for Wisconsin:

► ***Strong local commitment bolstered by strong state support;***

A demonstration of strong local and state support is critical for obtaining the needed funding necessary for the implementation and operation of a commuter rail system.

► ***Adequate level of federal funding from New Starts program;***

At least 50% of the total capital costs of a commuter rail project should consist of federal funds. The state and local units of government should work together to acquire funds above this benchmark level.

► ***Completion of FTA alternatives analysis process;***

The FTA alternatives analysis is a rigorous and detailed process that eventually identifies the most cost effective and efficient regional transit alternative. It is required in order to qualify for federal New Start Funds. This process will need to be completed before a project could be considered for state funds.

► ***A baseline farebox recovery ratio requirement;***

Many states around the country require commuter rail systems to meet a baseline farebox recovery ratio to qualify for state operating assistance. Wisconsin should consider including a requirement for an appropriate baseline farebox recovery level in any commuter rail operating assistance program.

► ***Legislative enumeration;***

The Task Force believes that commuter rail system proposals should be enumerated as provided under s. 85.062(1)-Major Transit Capital Improvement Projects. This process should include a full public review and analysis of commuter rail projects prior to consideration for funding by the Legislature.

7. Conclusion/next steps

Commuter Rail is important and should be part of Wisconsin's 21st century transportation system.

The Task Force recognizes the modal choice benefits that commuter rail can provide Wisconsin's metropolitan areas. The Task Force's view of the role and responsibility of commuter rail is reflected in the following vision statement:

Where appropriate, commuter rail should be a part of Wisconsin's multimodal transportation system. Commuter rail service can provide a viable transportation option for business, tourism and personal travel. It can provide a safe, dependable, attractive, well-connected, affordable and reliable transportation option in Metropolitan regions. Commuter rail can link city centers and related suburban areas, promote economic and efficient land use development opportunities, provide needed transportation alternatives and make more efficient use of existing transportation infrastructure in Wisconsin.

Broad implementation conclusions

It is clear to the Task Force that several key issues must be addressed on a regional or statewide basis to enhance the potential for commuter rail implementation in Wisconsin. These include:

Maximization of federal funds

Wisconsin has received minimal amounts of funding from the federal New Starts Program since the program was created in the 1970s. All levels of government in Wisconsin must work with interested groups and citizens to make sure that Wisconsin receives the highest level of federal funding possible for any future commuter rail projects in Wisconsin.

Where appropriate, commuter rail should be a part of Wisconsin's multi-modal transportation system...

...Commuter rail service can provide a viable transportation option for business, tourism and personal travel...

Broadening the transportation revenue base in Wisconsin

In 1997, the Transportation Finance Study Committee (TFSC) concluded that Wisconsin could not continue to rely solely on fuel taxes and registration fees to fund transportation needs in Wisconsin. The Task Force supports that conclusion and feels that a broadened transportation revenue base will be necessary to provide adequate state funds for future commuter rail systems in Wisconsin. The recommendations of the TFSC should be used as the starting point for discussions regarding the broadening of the transportation revenue base. This broadening could occur without a tax increase.

Next steps

The Task Force recognizes that this report is just one step in the state's commuter rail policy development process. The Task Force has determined that by forwarding a record of its discussions, findings and conclusions to the Governor and the Legislature, it will be providing them with important information regarding the issues that will need to be addressed and types of decisions that will need to be made before commuter rail can become a reality in Wisconsin. The Task Force urges decisions makers and members of the general public to review the entire report, including the scenario and options information in the appendix. This data played a critical role in the Task Force's deliberation process and will be helpful to decision-makers as the policy development process moves forward.

Appendices

Appendix A: Text of Executive Order 365

Executive Order No. 365

Relating to the Creation of the Governor's Blue Ribbon Task Force on Passenger Rail Service

Whereas, the health of Wisconsin's economy and the quality of life of Wisconsin's citizens are tied to a high quality transportation system; and

Whereas, expanded passenger rail service has the potential of preserving land, increasing citizen mobility, creating greater economic efficiency, and relieving urban and rural traffic congestion; and

Whereas, new passenger rail services must be developed in coordination with the growing freight rail industry; and

Whereas, it is important that Wisconsin study the feasibility and merits of expanding passenger rail service in Wisconsin.

Now, therefore, I, Tommy G. Thompson, Governor of the State of Wisconsin, by the authority vested in me by the Constitution and the laws of this State, and specifically by Section 14.019 of the Wisconsin Statutes, do hereby:

1. Create the Governor's Blue Ribbon Task Force on Passenger Rail Service (hereinafter "Task Force"); and
2. Provide that the Task Force shall be composed of twenty-three (23) members appointed by the Governor to serve at the pleasure of the Governor; and
3. Provide that the Governor shall designate one (1) member on the Task Force as its chair to serve in that capacity at the pleasure of the Governor; and
4. Direct the Task Force to have the following purpose and mission:
 - a. Review existing passenger rail services and current local, state and federal government planning efforts for all heavy commuter and intercity rail services, including high-speed rail services; and

- b. Determine appropriate private sector and local, state and federal government roles in the potential expansion of passenger rail services; and
 - c. Review and comment on state and federal laws relating to passenger rail service and recommend improvements to existing state statutes; and
 - d. Identify private sector and local, state and federal government funding sources for passenger rail services; and
 - e. Provide specific recommendations regarding the expansion of passenger rail service in Wisconsin; and
5. Direct the Task Force to deliver to the Governor an interim report by December 31, 1999 and a final report by December 31, 2000; and
6. Direct the Department of Transportation to provide the Task Force with administrative and support services; and
7. Direct the Secretary of the Department of Administration to provide the Task Force with such sums of money as are necessary for travel and operating expenses in accordance with section 20.505(3)(a) of the Wisconsin Statutes; and
8. Require the Task Force to disband once the Governor has accepted its final report.

In testimony whereof, I have hereto set my hand and caused the Great Seal of the State of Wisconsin to be affixed. Done at the Capitol in the City of Madison this twenty-ninth day of March in the year one thousand nine hundred and ninety-nine.

Tommy G. Thompson
Governor

By the Governor:
Douglas La Follete
Secretary of State

Appendix B: Transportation Finance Study Committee recommendations

At its October meeting, the Task Force received a report on findings of the Transportation Finance Study Committee (TFSC). The TFSC was created as part of the 1995–97 biennial budget through Wisconsin Act 113. In 1997, the TFSC endorsed a package of short-term and long-term revenue source recommendations to meet Wisconsin's transportation needs.

Short-term revenue sources (through 2000)

- Increase personal motor vehicle registration fees.
- Increase commercial truck vehicle registration fees.
- Modify the current motor vehicle fuel tax indexing formula to remove the consumption factor.
- Increase the current motor vehicle fuel tax.
- Enact legislation to phase out other agency program funding from the Transportation Fund.
- Enact legislation to allow local governments to adopt partial-cent sales taxes to be dedicated to local mass transit.
- Enact a four-year moratorium on new transportation project enumeration.
- Enact statutory language to phase in a transfer of sales tax revenue from auto sales and auto-related parts and services to the Transportation Fund.
- Enact statutory language to require the use of general obligation funds if federal funds lag and state contributions are made to pay future transit capital costs.
- Enact statutory language enabling Wisconsin to increase the state fuel tax to account for any “turnback” legislation passed at the federal level.

Long-term revenue sources (beyond 2000)

- Explore changing the motor vehicle registration fee system to a value based system.
- Phase in the transfer of sales tax revenue from the sale of new and used autos and sale of auto-related parts and services to the Transportation Fund.
- Phase out other agency program funding from the Transportation Fund.
- When the goals of the Petroleum Environmental Cleanup Fund Administration program are met, transfer revenue from the 3-percent gallon fuel fee to the Transportation Fund.
- Explore congestion pricing for the East–West Freeway in southeastern Wisconsin.

Appendix C: Potential auto diversions related to commuter rail

When the benefits of commuter rail are discussed in general terms, some argue that a primary benefit is the potential for reduced traffic congestion on the parallel road network. Several members of the Task Force raised the concern that the actual auto diversion that could be tied to commuter rail is so small that the implementation of commuter rail will not lead to noticeably lower levels of congestion. These members were concerned that commuter rail would be “sold” on this premise and future systems would be subject to criticism when significant diversion did not occur. The benefits section of this report outlines the primary reasons for implementing commuter rail in Wisconsin.

Many members of the Task Force agreed that auto diversion levels would be small, but no data had been presented to the Task Force to support that conclusion. Staff agreed to review available auto diversion information from other commuter rail systems (both existing and planned).

The primary source of this information was a report prepared by Wendall Cox for the Texas Public Policy Foundation. Mr. Cox is a well known opponent of any type of fixed guideway public transit systems. The Foundation asked Mr. Cox to analyze the possibility of a commuter rail link between Austin and San Antonio, Texas. His report looked exclusively at ridership and cost levels compared with auto travel. Part of Mr. Cox’s report provided an overview of 6 “historic systems” (New York, Chicago, Boston, Philadelphia, D.C./Baltimore) and 5 “new systems” (Los Angeles, San Diego,

Miami, Washington State) that also focused on the ridership/cost comparison. The study used changes to the congestion index after the introduction of commuter rail to identify congestion reduction levels. Mr. Cox bases his conclusions solely on the ridership/cost comparison and does not take any of the other benefits of commuter rail (transportation choice, etc.) into consideration.

The report made the following conclusions related to congestion reduction:

- Congestion in the historic system regions was reduced between 1%–7% (average of 2.5%)
- There was no measurable reduction in congestion in the new system regions.

Both the Southeastern Wisconsin and the Dane County studies will include a diversion analysis for their systems.

Appendix D: Commuter rail capital and operating cost scenarios (full text)

Introduction

At the October meeting, the Task Force asked staff to develop a series of scenarios for both capital and operating costs to facilitate their recommendation discussions. The scenarios were identified by the Task Force and discussed below.

Funding alternatives

If it is determined that a state role in the development and/or operation of a commuter rail system in Wisconsin is appropriate, there are two outstanding issue areas that would need to be addressed in a state funding policy. These include:

1. State participation in capital costs
2. State participation in operating costs

The Task Force has asked that the following funding scenarios be analyzed:

Capital

Scenario #1: 50% federal base, 25% state, 25% local

Scenario #2: 50% federal base, 25% state, 25% local, case-by-case basis

Scenario #3: 50% federal base, 30% state (tied to final federal level), 20% local

Scenario #4: 50% federal base, 30% state, 20% local (local match could decrease with additional federal funds)

Scenario #5: 50% federal base, 50% state

Operating

Scenario #1: A derivation of the current transit operating aid program (current aid levels for Tier 1 systems are used for this example).

Scenario #2: Current transit aid program with separate funding source (firewall concept).

Scenario #3: State and local government equally share the non-farebox operating expenses.

Scenario #4: Develop a \$\$/passenger or \$\$/mile bench mark for operating costs. The state would cover the benchmark level. All remaining costs would be covered by either farebox revenues and/or local match.

Scenario discussion

In this section, the scenarios are presented, along with a discussion of the pros and cons related to each option and the range of potential annual costs per system (numbers are based on information provided to the Task Force on the Southeastern Wisconsin and Dane County systems).

The capital costs scenarios are presented first, followed by the operating costs scenarios. Capital costs assume a 20 year bond at an interest rate of 6%.

Capital costs

Scenario #1: Split non-federal share

Assumptions

- The state and locals would agree to equally share the non-federal capital costs.
- Federal funds would have to cover at least 50% of the total capital costs.
- Any federal funds above the 50% level would be evenly split between the locals and the state.

Split non-federal share pros and cons

Pros:

- State participation would encourage the achievement of certain goals (increasing modal choices, etc.).
- Would encourage state and local governments to work together to garner support and maximize federal funds.
- Out state interests may be more willing to support the use of state funds if the locals are willing to equally share the up front capital costs.
- Shared state and local funding would increase the chance of project implementation.

Cons:

- It could be difficult for local governments to identify a funding source.

- State funding source may be difficult to identify (but less difficult than under scenario 1).
- Other transit systems might argue that a portion of their capital costs should be covered by the state as well (the state does not currently fund capital costs).

Potential costs

State funds: \$1.5 million–\$5.5 million annually

Local funds: \$1.5 million–\$5.5 million annually

Scenario 2: Split non-federal share—fund on a case-by-case basis

Assumptions

- The state and locals would agree to equally share the non-federal capital costs.
- Federal funds would have to cover at least 50% of the total capital costs.
- Any federal funds above the 50% level would be evenly split between the locals and the state.
- State funding would be determined through a process modeled on current Transportation Projects Commission (TPC) process for the Major Highway Program.
 - WisDOT analyzes proposal (pre-set criteria).
 - WisDOT submits to commission.
 - Commission makes funding recommendation to legislature.

Split non-federal share—fund on a case-by-case basis pros and cons

Pros:

- Case-by-case basis would eliminate the need for an annual appropriation for commuter rail capital costs and provide an open forum for discussion and review of the proposed system.
- State participation would encourage the achievement of certain goals (increasing modal choices, etc.).
- Would encourage state and local governments to work together to garner support and maximize federal funds.
- Out state interests may be more willing to support the use of state funds if the locals are willing to equally share the up front capital costs.

- Shared state and local funding would increase the chance of project implementation.

Cons:

- It could be difficult for local governments to identify a funding source.
- State funding source may be difficult to identify (but less difficult than under scenario 1).
- Other transit systems might argue that a portion of their capital costs should be covered by the state as well (the state does not currently fund capital costs).
- Projects recommended by the commission may not necessarily be fully funded by the legislature.

Potential costs

State funds: \$1.5 million–\$5.5 million annually

Local funds: \$1.5 million–\$5.5 million annually

(May not be an annual level, depending on projects submitted and funded by the legislature.)

Scenario 3: 20% local participation

Assumptions

- Local governments would agree to cover 20% of the total capital costs.
- The state would be responsible for the remaining non-federal share (up to 30%).
- Federal funds would cover at least 50% of the total capital costs.

20% participation pros and cons

Pros:

- Commuter rail capital costs would be treated the same as urban bus capital costs from a local perspective.
- State participation could encourage local units of government to meet some identified state goals (increasing modal choices, etc.).
- This would provide an identifiable target for each project that local governments could rely on and would help to meet the financial commitment criteria of the New Start program.
- Shared state and local funding would increase the chance of project implementation.

Cons:

- It is difficult to know how much funding would be needed on an annual basis.
- No funding source at the state or local level currently exists.
- Systems with other types of transit might argue that the state should contribute to their capital costs.

Potential costs

State funds: \$1.8 million–\$6.6 million annually

Local funds: \$1.2 million–\$4.4 million annually

Scenario #4: 20% local share with potential to reduce local share

Assumptions

- Local governments would be required to initially provide 20% of the capital costs.
- The state would provide 30% of the total capital costs.
- Federal funds would cover at least 50% of the total capital costs.
- Any additional federal funds over the 50% baseline would be used to reduce the local share.

20% local share with potential to reduce share pros and cons

Pros:

- The state could set a benchmark for what constitutes a “state interest” to determine when state funds will be provided.
- Local governments would have an incentive to make additional efforts to maximize federal funds.
- Shared state and local funding would increase the chance of project implementation.

Cons:

- State level interests may feel that the additional federal funds over the baseline should go towards the reduction of the state share.
- No funding source at the state or local level currently exists.
- Systems with other types of transit might argue that the state should also contribute to their capital costs.

Potential costs

State funds: \$1.8 million–\$6.6 million annually

Local funds: \$1.2 million–\$4.4 million annually (could decrease with additional federal funds)

Scenario 5: State covers entire non-federal share

Assumptions

- The state would cover the entire non-federal share of the total capital costs.
- Assume at least 50% of the total capital costs would consist of federal New Start funds.

State covers entire non-federal share pros and cons

Pros:

- From a local perspective, commuter rail would be treated in a similar fashion as the state trunk highway system.
- Controversial governance issues could be avoided (state operated system).
- The state would provide a broader funding base.
- A local funding source would not need to be identified.

Cons:

- With emerging needs and constraints on both the Transportation Fund and the General Fund, resources at the state level are scarce.
- It may be difficult to convince “out state” representatives to support this proposal.
- No local funding for capital costs could be perceived as a lack of local accountability.
- The system operator (the state) would be separate from the decision making-entities which drive the need for a regional transportation system (local units of government).

Potential Costs

State funds: \$3.0 million–\$11.0 million annually

Local funds: \$0

Operating cost scenarios

Scenario 1: Use current transit aids program to fund operating costs

Assumptions

- Under current statutory language, commuter rail systems appear to be eligible for mass transit operating cost-sharing by the state.

- State share of operating costs would be based on the tier into which the system would be placed (most likely tier 1).
- Under current provisions (with additional funds), state operating assistance could be as high as 42%.
- Include a minimum farebox return level to qualify for state funds (e.g. 40%).

Current transit aids program pros and cons

Pros:

- Commuter rail systems would be treated the same as other mass transit systems in the state.
- Could help insure that there is no duplication of service between urban bus and commuter rail.
- Administratively easy to implement.
- Could be implemented with existing funding source.

Cons:

- Commuter rail systems would compete with other transit systems for existing resources.
- Current funding is tied to an appropriation level, not a fixed percentage, so actual assistance levels for all eligible transit systems would be lower when commuter rail costs are rolled into the calculation.
- It might be in the state interest to have different types of transit “compete” for funds.
- Unique characteristics of commuter rail operations may not be accounted for under current aid program.
- Pressure might be exerted to significantly increase the size of the current transit aid appropriation.
- Local funding for commuter rail may raise interest in getting all transit “off the property tax.”

Potential Costs (non-farebox)

State: \$1.1 million–\$4.7 million annually
Local: \$0–\$1.3 million annually

Scenario 2: Allocate new resources to current program

Assumptions

- Include commuter rail in the current mass transit tier structure, but allocate new revenues for commuter rail operating costs. Current mass transit operating costs could be separated

and protected by a “firewall” (similar to the current firewall system at the federal level).

- Under current statutory language, commuter rail systems appear to be eligible for mass transit operating cost-sharing by the state.
- State share of operating costs would be based on the tier into which the system would be placed (most likely tier 1).
- Under current provisions (with additional funds), state operating assistance could be as high as 42%.
- Include a minimum farebox return level to qualify for state funds (e.g. 40%).

Allocate new resources under current system pros and cons

Pros:

- Commuter rail would not compete with existing bus transit systems for funds (existing systems would be “held harmless”).
- Separate tier and funding source could allow for funding criteria specific to commuter rail operations to be developed (e.g. fair box requirement).

Cons:

- May be difficult to increase state funding for transit programs.
- Adding commuter rail to the current tier structure could be administratively complex and difficult to understand.
- Local funding for commuter rail may raise interest in getting all transit “off the property tax.”

Potential costs (non-farebox)

State: \$1.1 million–\$4.7 million annually
Local: \$0–\$1.3 million annually

Scenario 3: State and locals would each pay half of the non-farebox costs

Assumptions

- Create a separate program that commits the state to half of the non-farebox operating costs.
- Include a minimum farebox return level to qualify for state funds (e.g. 40%).

State-local shared operating costs pros and cons

Pros:

- Factors that affect the operating costs of a commuter rail system could be

different than those of a traditional bus system (fare box recovery ratio's, dedicated local revenue source, etc.). A separate program could account for these nuances.

- A separate stream of revenue could be directed to this program, so as not to impact the current transit aids program.

Cons:

- Difficulty of increasing state funding would still exist.
- There may be a desire to keep transit systems funded out of the same appropriation.
- There might still be a concern that funds dedicated to commuter rail could otherwise go to other types of transit.
- Tying state funds to actual costs would be different from the current appropriation-based system of determining transit aids. The current system prorates available funds across eligible systems. The percent of state share of operating costs is an end result, not an up front goal. This could be perceived as favorable treatment towards commuter rail systems.

Potential Costs (non-farebox)

State: \$0.8 million–\$2.65 million annually
Local: \$0.8 million–\$2.65 million annually

Scenario 4: Develop a \$\$/passenger or \$\$/mile standard for operating costs

Assumptions

- The state would establish a \$\$/passenger or \$\$/mile figure for commuter rail operating costs.
- State operating funds would be distributed on a cost/passenger or cost/mile basis. For example, if the cost per passenger figure was set at \$3/passenger. The state would provide \$3 in operating assistance for every passenger that used the commuter rail system.
- Any amount over the identified cost per mile would be borne by local governments.

Cost/passenger or cost/mile pros and cons

Pros:

- A uniform figure tied to the size and use of the system could be

a more equitable distribution of state funds to different systems around the state.

- Efficient systems with lower operating costs would not be penalized (vice versa—inefficient systems would not be rewarded).
- A fixed dollar amount would not create an open ended funding program (e.g. as could occur under a fixed percentage funding approach).
- Systems would be rewarded for adding efficient services to attract additional riders.

Cons:

- Commuter rail would be treated differently for state aid purposes than bus transit systems.
- The calculation of the per passenger or per mile dollar figure would be difficult and potentially contentious.
- This method may not take into account unique system characteristics that might lead to higher per passenger or per mile costs on a certain segment of the system (e.g. a segment that provides job access to a small number of low income workers).
- This type of funding mechanism could discourage systems from maintaining routes that may be inefficient, but important for addressing social or economic goals (e.g. welfare to work trips).
- Funding levels could shift from year to year.

Potential costs

Potential costs could vary dramatically based on the method of calculation selected (e.g. cost/mile, cost/passenger, or cost/passenger mile) and the fixed dollar amount selected by the legislature. Current information provided by the Southeastern Wisconsin and Dane County systems would lead to a wide disparity in the state operating aid provided to each system depending on the measure used and the benchmark selected. Further refined ridership and operating cost projections (particularly for the Dane County system) will be necessary in order to present a cost estimation under this scenario.

Appendix D: Commuter rail capital and operating cost scenarios (summary sheet)

Capital

Scenario #1: 50% federal base, 25% state, 25% local

Scenario #2: 50% federal base, 25% state, 25% local (funding on a case-by-case basis)

Scenario #3: 50% federal base, 30% state (tied to federal level), 20% local

Scenario #4: 50% federal base, 30% state, 20% local (local share decreases w/fed. share)

Scenario #5: 50% federal base, 50% state

Estimated annual state and local capital costs* (\$ millions)

	<i>Capital #1 & #2</i>		<i>Capital #3</i>		<i>Capital #4</i>		<i>Capital #5</i>	
Starter System	SE	Dane	SE	Dane	SE	Dane	SE	Dane
Local share	1.5	2.15	1.2	1.72	1.2	1.72	0	0
State share	1.5	2.15	1.8	2.58	1.8	2.58	3.0	4.3
Full System	SE	Dane	SE	Dane	SE	Dane	SE	Dane
Local Share	3.3	5.5	2.64	4.4	2.64	4.4	0	0
State Share	3.3	5.5	3.96	6.6	3.96	6.6	6.6	11.0

*Figures based on capital funding projections provided by Southeastern Wisconsin and Dane County studies

Operating

Scenario #1: Current transit operating aid program (Tier 1).

Scenario #2: Current transit operating aid program w/firewall for the urban bus program

Scenario #3: State and locals split the non-farebox operating expenses.

Scenario #4: Develop a \$\$/passenger or \$\$/mile benchmark for operating costs

Estimated annual state and local operating costs(\$ millions)

	<i>Operating #1 & #2</i>		<i>Operating #3</i>		<i>Operating #4*</i>	
Starter System	SE	Dane	SE	Dane	SE	Dane
Local Share	0.5	0	0.8	0.9		
State Share	1.1	1.8**	0.8	0.9		
Full System	SE	Dane	SE	Dane	SE	Dane
Local Share	1.3	0.5	2.25	2.65		
State Share	3.2	4.7	2.25	2.65		

*Would vary based on the baseline figure identified by the legislature
(see Operating Scenario #4 for more discussion on the potential costs for each system)

** Under Dane Starter Scenario, the projected farebox and state aid would cover all operating costs
Figures based on operating cost projections provided by Southeastern Wisconsin and Dane County studies

Appendix E: Governance options for commuter rail or regional transit

This section provides an overview of potential governance structures for the delivery of commuter rail (or other types of regional transit service) that the Task Force may want to consider when making its recommendations. In some instances, examples of similar structures utilized in other states and metropolitan areas around the country are provided. More specific issues, such as specific administration and staffing, are not discussed. The description of each potential governance structure includes a summary, a series of pros and cons, and information on the type of legislative action that would be necessary to implement the scenario.

A. State ownership and operation

The State of Wisconsin would own and operate the commuter rail or regional transit system. Other than local fares, the majority of capital and operating dollars for the non-federal share would be paid for by the state with Transportation Fund revenues, General Fund revenues, or some other state revenue source.

This structure would probably require a current WisDOT Division or District Office to assume responsibility for the system. Another possibility would be to create an office or commission to run the system that would report to the Secretary's Office. WisDOT could internally determine the structure and make-up of the system administration.

The states of New Jersey and Maryland currently operate the commuter rail systems within their respective states. The State of Minnesota would use a version of this model for their proposed Northstar Commuter Rail Line. Under the MnDOT proposal, the system would be operated under contract by a regional agency, but the non-federal match and operating costs would be funded with state revenues.

Under this scenario the state (in consultation with the local governments in the region), would determine the

type of service, fare structure and the geographical area to be served by the regional service.

State ownership and operation pros and cons

Pros:

- The system would be administered by the agency responsible for long-term system planning.
- WisDOT could take a broader regional and state perspective in determining the need for regional service and the type of service to be provided.
- Local units of government would not need to raise additional revenues to operate the system.
- The entity financing the system would be the appropriate operator.
- This model could avoid contentious debate of governance issues at the local level.

Cons:

- It is highly unlikely that rural (and some urban) legislators from around the state would agree to a state-financed system that operated only in the urban areas of Wisconsin.
- It would be difficult to identify and obtain the necessary state funding to support the entire non-federal share of the system.
- Transit service would become bifurcated (State provided regional service, locally provided local bus service).
- The local units of government would not have a strong voice in the development and operation of the system.
- Some may perceive the lack of local participation as a lack of accountability.
- A state operated system would not be tied to the decision makers at the local level that determine development and land use patterns that could drive the need for regional transit service.

Legislation required

Any proposal for a state-operated commuter rail system would have to be submitted as legislation (or included in the department's budget submittal) and approved by the legislature.

B. Regional Transit Authority

Under this scenario, the state would pass authorizing legislation allowing communities in Wisconsin to form regional transit authorities (RTAs) to address commuter rail and possibly other regional transit needs. Basically, an RTA is a special purpose district (usually with the ability to levy taxes and raise revenues) responsible for the delivery of one or more types of transportation service, in a pre-defined geographic area that includes multiple units of local government. An RTA Board that typically consists of representatives of the participating communities is responsible for policy decisions.

If the Task Force wishes to make recommendations supporting RTA legislation, they may want to consider two options: 1) Detailed legislation that provides specific language regarding the characteristics of an RTA, or 2) Broad legislation that would allow a self-identified region to decide on the specific RTA characteristics best suited to their region.

The five main characteristics of an RTA that would require consideration include:

- Breadth of responsibilities
- Geographic area
- Type of governing body
- Ability to generate and spend revenue
- Ratification method

An overview of the range of options typically found in RTAs around the country for the five main RTA components is provided below.

1. RTA responsibilities

An RTA could be responsible for the provision of any type of transportation service in the geographic region of the RTA, including transit, highways, airports and harbors. This could include planning, development, operation, and management of the transportation services under the jurisdiction of the RTA. In most states, RTAs are responsible only for public transit service. There are a few examples of RTAs that include additional responsibilities such as airports or harbors, but that is the exception, not the norm. In addition, most RTAs are the actual service providers of the transit service. There are examples of RTAs that act as a “pass

through” for funding which then is distributed to operators of different types of transit within the region, but again, this is the exception, not the norm. In this “pass through” scenario the RTA controls the distribution of funds. This is the model used in the Chicago region by the Northeastern Illinois RTA.

For Task Force purposes, it is likely that the RTA authority would be limited to public transit services and not include any other transportation mode. The RTA could be proposed by local units of government and ratified by a binding referendum.

2. Geographic area

More than one local unit of government

This option would allow individual local units of government to form an RTA (city, village, or town). This option would allow the greatest flexibility for local units of government to establish an RTA, but could leave out or create gaps in service areas. This framework would be most effective for an expansion of a current local transit system into an adjoining community. A minimum number of participating local units of government could be specified.

County-level RTA

This option would only permit RTA's to be formed at the county level. This would insure that full service areas were included within the RTA boundaries. One could argue that counties are already a regional form of government and this would link counties with broader regional transportation needs.

Federal Transportation Management Areas (TMA)

This option would use the current Transportation Management Areas as the boundaries of an RTA. The designated Metropolitan Planning Organizations (MPO) are responsible for the long-range transportation planning in metropolitan areas for federal funding purposes. The tie between the existing planning area and the potential regional transit service area makes this option attractive. The changing nature of the boundary over time due to the growth of most metropolitan area could be problematic over the long-term.

Existing Regional Planning Commission (RPC) boundaries

This arrangement would also coincide with current planning areas. However, not all areas in the state are covered by RPC's and some of the current RPC boundaries would not be appropriate for regional transit authorities.

3. RTA governing body

RTAs normally have some type of board or oversight committee to make major policy decisions. The size of the board is normally related to the size of the population or region served. The following governance options could be considered:

Representation

➤ **Evenly by municipality or county**

Each community participating in the RTA, regardless of geographic or population size, would have the same level of representation on the Board (SEWRPC model).

➤ **By population/district**

Larger communities could be provided additional members selected at large or equally populated districts that could elect one member could be created within the RTA.

➤ **Additional representation by non-local governments could also be considered**

(e.g., WisDOT or the Governor's Office).

Selection

➤ **Elected**

Each representative of the RTA Board could be individually elected (Portland, Oregon model).

➤ **Appointed by local elected officials**

RTA Board members could be appointed by the local elected officials the participating communities (Most common model).

➤ **Shared appointment**

The local units of government and the Governor could each appoint a certain number of members to the RTA Board (SEWRPC model).

4. Ability to generate or collect revenue

An RTA would likely require some type of revenue source to operate and manage transit service. The most reliable revenue source for RTAs is typically some form of dedicated revenue. Several options are utilized around the country:

- General property tax revenue (used in Chattanooga)
- Special property tax levy (used by the Twin Cities Metro Council)
- Local option tax or fee (used by the majority of RTAs in the country)

5. Ratification method

Any RTA enabling authority would also include a process for the creation and eventual ratification of RTA. The following methods are all used in different parts of the country:

Binding referendum: approval by each participating community

Under this model, the proposed RTA structure would need majority vote approval in each community included in the geographic area. It is possible that the geographic area would need to be altered after the referendum. This is the method used in Texas for creation of and additions to RTAs.

Binding referendum: approval by entire region

Under this model, a majority vote of the entire area proposed for inclusion in an RTA would be necessary to ratify the proposed structure. Higher margins of victory in one community could "carry" other communities that have lower victory margins or even vote against the RTA creation. This was the method used for the creation of the RTA in Northeastern Illinois, which now includes Metra. In fact, Cook County was the only county to approve the RTA, with all of the ring counties voting against it.

Approval by village/town board or city council

Under this model the local-elected body could approve the proposal to be included in an RTA. The community could hold a non-binding referendum

to determine public opinion on the issue, but the ultimate decision authority would be held by the board or council.

Created by the state legislative action

Under this model, state legislation would create the RTA. Several states have used this method to create regional bodies to address problems that have not been addressed by the local units of government due to a perceived inability to cooperatively solve transportation problems. The Metropolitan Council in the Twin Cities area is one example, while the Georgia Regional Transit Authority in the Atlanta area is a more recent action by a state legislature.

RTA pros and cons

Pros:

- An RTA would have the ability to make public transit decisions from a regional perspective and may be better suited than individual local units of government to address commuter rail and other regional transit decisions, especially as metropolitan areas in Wisconsin continue to expand and people no longer necessarily work in the same community that they live.
- It's a proven model—metropolitan areas all over the country have successfully used RTAs to provide cost-effective regional transit service (e.g. Chicago, Cleveland, Seattle, Raleigh–Durham, etc.).
- The ability of communities to come together and form an RTA would reflect a long-term commitment to addressing regional transit issues.
- Provides an increased base from which to generate local revenue for transit.

Cons:

- Any RTA discussion would be highly contentious.
- Wisconsin residents (especially those in Southeastern Wisconsin) have been resistant to the creation of additional layers of government.
- RTA organization could get bogged down over representation (e.g. population vs. municipality representation) and the issue of locally-generated revenues.

- There could be resistance from established transit systems that might fear that their decision-making authority would be usurped by an RTA.
- Local elected officials may also be resistant to giving transit decision-making authority to an RTA.
- It would be difficult for an RTA without a dedicated revenue source to be successful.

Legislation required

Enabling legislation for an RTA and the authority to levy local options taxes or fees would have to be passed by the Legislature.

C. Cooperative agreements or partnerships

In 1997 the Transportation Finance Study Committee reviewed an option that would allow “transportation cooperatives,” based on a series of existing statutory authorities that permit local units of government to share services through cooperative agreements, and share revenue through tax base sharing provisions. A similar framework could be used to provide commuter rail or other regional transit service.

The applicable statutes include:

- Tax base sharing (s. 66.028)
- Consolidation of Municipal Services (s. 59.03(2))
- Intergovernmental Cooperation (s. 66.30)
- City, village and town transit commissions (s. 66.943)

Applicable provisions of s. 66.028

Section 66.028 of the Statutes permits the sharing of general property taxes and special charges by contiguous local units of government to be used for a wide range of cooperative services including transit and transportation. Revenue sharing agreements must be valid for at least 10 years, with clearly stipulated provisions for invalidation of the agreement. However, this authority is provided only to municipalities, which includes towns, cities and villages, but not counties. Using this statute alone, a two county transportation cooperative would require the participation of every city, village

and town in each county. Section 59.03(2) could provide statutory authority to allow counties to use the revenue sharing provisions of s. 66.028 and s. 66.30 and s. 66.943 could provide the structure for a transit or transportation commission to oversee a cooperative. Each of these statutory authorities is summarized in more detail below

Provisions of s. 59.03(2) consolidation of municipal services

As interpreted by Legislative Council Staff, this section of the Statutes vests county boards with the home rule powers provided to cities, village and towns. All that is necessary is a request by any one city, town, or village within the county to exercise that authority. For example, if Milwaukee and Waukesha Counties wanted to enter into a transportation cooperative, under s. 59.03(2) the City of Milwaukee and the City of Waukesha could pass a resolution requesting their respective counties to use revenue sharing, cooperative service sharing and taxing authority to create a two county transportation cooperative. The county boards would then have ability to use the authority granted in the tax base sharing statute.

Provisions of s. 66.30 intergovernmental cooperation

Section 66.30 provides all units of government broad authority to enter into a wide range of intergovernmental agreements. This Statute includes language for the creation of a joint transit commission that can be granted a wide range of authority, including land acquisition and bonding authority.

Provisions of s. 66.943 city, village and town transit commissions

Section 66.943 permits individual cities, villages and towns to individually create transit commissions responsible for the establishment, maintenance and operation of a “comprehensive unified local transportation system” (which can include rail service). This Statute includes provisions for commission membership and office terms. The jurisdiction of the transit commission can extend up to 30 miles

beyond the corporate limits of the local unit of government to include the segments of the transportation system that extend beyond the corporate boundaries. Service provided outside of the corporate limits must be done so on a contract basis. Multiple units of government can utilize s. 66.30 to form Joint Transit Commissions under this statute.

The critical component missing from all of these statutes is the ability to levy a local option fee or tax. Property taxes are the only revenue that can be used to fund these transit cooperatives.

Cooperative agreements/ partnerships pros and cons

Pros:

- This framework would allow local units of government to address regional transportation issues without creating a new level of government, which has been very unpopular in recent years.
- The revenue sharing statute provides the “teeth” a cooperative would need by requiring at least a 10 year commitment by participants and an up-front stipulation of the terms of withdrawal.
- This framework would allow local units of government to develop an entity to address transportation issues with existing statutory tools.
- This framework allows all local units of government (counties, cities, villages and towns) to be a participant in a transportation cooperative.
- The statutory language regarding transit commissions is very flexible in regard to the structure of the cooperative, allowing participating local units of government to tailor the cooperative to best meet their needs.

Cons:

- With the exception of the tax base sharing statute, these provisions have been on the books since the 1970s, but have not been readily used for transit purposes by local units of governments in Wisconsin.
- Since this package would limit cooperatives to using only existing general property taxes, no new sources of revenues could be imposed under

- this cooperative framework (other than raising the property tax).
- These statutes do not discuss the potential role that WisDOT might have in these cooperatives.
 - Using a combination of existing authorities could be confusing and may be difficult to articulate to local elected officials and the general public.
 - This proposal would continue to rely only on general property tax revenues, which have limited public acceptability and do not provide access to new revenue sources.

Legislation required

Legislative changes to the tax base sharing statute would be required to utilize any revenue source besides the property tax. Enabling legislation allowing the implementation of local option taxes or fees would also be necessary. An amendment to the tax base sharing provisions of s. 66.028 that expanded the definition of municipalities to include counties would eliminate the need to use s. 59.03(2).

D. Private non-profit corporation*

The state or a group of local governments could contract with a private, not for profit corporation to provide regional transit service. A possible model for this concept is the Community Development Corporation framework. In Oregon, the state can issue “No-Commitment Debt” to private entities that provide a “beneficial” service. The debt bears the name of the state, but is secured by the credit of the private entity. The state has no obligation for the debt, but could make payments, if it chose, equal to the debt service.

Revenues beyond fare-box could be provided by either the state or the locals through the contractual agreements.

This option would need additional scrutiny, especially from a legal perspective.

Pros:

- Could provide an option that would not require the creation of an RTA.
- Contractual agreements could be binding (penalties for communities withdrawing support for the non-profit corporation).
- Bond savings could be achieved through more favorable state rates.
- Performance standards could be built into the operating contracts.

Cons:

- Additional state or local revenue sources would need to be identified to cover operating shortfall.
- Local units of government could only use property tax revenue (no local option fees currently available).
- This could be perceived as a back door effort to create a regional level of government.
- Cooperative issues would still need to be worked out to reach contractual service agreements.
- The potentially complicated nature of this option makes it difficult to articulate to the public.

*This option is being offered for discussion purposes only. It would require further investigation.

Appendix F: Local option taxes and fees

Currently, Wisconsin communities utilize general purpose revenue (e.g. property taxes) to cover the local share of transit operating (in addition to fares) and capital costs. This may be sufficient to address transit needs within one jurisdiction, but in a multi-jurisdictional setting a single, evenly applied tax or fee to generate a revenue source may be more appropriate. In addition, local general fund revenues (e.g. property taxes) can fluctuate or be needed to address other pressing community needs.

Several members of the Task Force have indicated that in the event local funds are needed for commuter rail, a non-property tax local option fee will need to be identified. Many communities and states around the country have determined that a reliable, dedicated regional revenue source collected at the same rate throughout the geographic region may, in certain circumstances, be the best alternative for funding transit at the regional level.

The Task Force requested that WisDOT staff examine a variety of local revenue options in terms of their feasibility for providing the local share of commuter rail costs. This section examines the following local revenue options:

- 1. Local option sales tax
- 2. Local option gas tax
- 3. Local option sales tax on gas
- 4. Rental car fee
- 5. Payroll tax
- 6. Fuel storage fee (information for only SE Wisconsin)

Following the review of the options, several local option tax or fee scenarios are presented to provide an idea of the levels that would be needed to address the estimated costs of the Southeastern Wisconsin and Dane County systems.

All of these sources are used by one or more RTAs around the country (use of the fuel storage fee for RTA purposes could not be confirmed). RTAs often use more than one local fee option to cover the local share of transit operating and capital costs. Where available, revenue

options are provided for each of the seven counties in Southeast Wisconsin and Dane County.

1. Local option sales tax

A local option sales tax would apply to purchases of all goods and services within the levying jurisdiction, providing a very broad revenue base. It is likely that some type of local referendum would occur (either advisory or binding) prior to the implementation of a local option sales tax, requiring the local government to clearly articulate the intended use of the revenues.

Pros:

- Provides a very broad revenue base, so only a small sales tax would need to be imposed.
- It would not be difficult to implement a general sales tax at the county or the municipal level.
- Would not restrict those paying the tax to the residents of the local unit of government. All those purchasing goods would pay.
- Does not rely on fuel taxes or registration fees.

Cons:

- Not directly tied to the transportation system.
- Many counties that could be included in an RTA already levy the 0.5% sales tax option for property tax relief (Racine and Waukesha counties currently do not levy the 0.5% sales tax).

Estimated revenue

The table below reflects the projected sales tax generated by the “add on” level of 0.5%. The projections are for calendar year 2000.

Projected 2000 sales tax revenue

County	0.5%
Kenosha	\$7,596,800
Milwaukee	\$55,462,644
Ozaukee	\$4,818,006
Racine	\$9,566,238
Walworth	\$5,374,824
Washington	\$7,119,340
Waukesha	\$30,231,921
Dane	\$31,748,083

Source: UW-Extension Local Government Center

2. Local option gas tax

A local option gas tax would allow local governments to “piggy back” an additional gas tax on the current state and federal gas tax. The City of Chicago and Cook County utilize this method to raise revenues for transit purposes.

Pros:

- Would not restrict those paying the tax to the residents of the local unit of government.
- The transportation system users would be paying this fee.
- Would provide a broad revenue base, though not as broad as a sales tax.

Cons:

- Administratively difficult to implement (fuel taxes now collected at the terminal level).
- Smaller revenue base could lead to disparities between tax rates in adjacent communities, which could create border issues with economic ramifications.
- Wide fluctuations in gas prices makes this revenue source less predictable.
- Current gas prices would make this difficult to implement.
- Continues reliance on fuel tax.

Estimated revenue

The table below provides some indication of the level of revenue that could be provided for a regional transit authority that included some or all the counties in Southeastern Wisconsin. The 1¢/gallon figures are based on vehicle miles traveled (VMT) in each county and statewide fuel consumption in 1998.

1¢ local option gas tax (estimate for 1998)

<i>County</i>	<i>1¢/gallon fuel tax</i>
Kenosha	\$750,960
Milwaukee	\$3,983,217
Ozaukee	\$547,575
Racine	\$916,797
Walworth	\$585,123
Washington	\$657,090
Waukesha	\$2,105,817
Dane	\$2,365,524

Figures derived from the percentage of county vs. statewide VMT and total gallons of fuel in 1998

3. Local option sales tax on gas

This option would apply a sales tax to the price of gas. Currently in Wisconsin fuel sales are exempt from state and local option sales taxes.

Pros:

- Would not restrict those paying the tax to the residents of the local unit of government.
- The transportation system users would be paying this fee.

Cons:

- Administratively difficult to implement—fuel is currently exempt from sales tax and fuel taxes are collected at the terminal level.
- Smaller revenue base could lead to disparities between tax rates in adjacent communities, which could create border issues with economic ramifications.
- Wide fluctuations in gas prices makes this revenue source less predictable.
- Current gas prices would make this difficult to implement.
- Continues reliance on the fuel tax.

Estimated revenue

This scenario would apply the state sales tax or a local option sales tax to the cost of gasoline. The sales tax is applied under two scenarios—the average cost of gasoline in 1998 (\$1.09) **before** state and federal taxes are added (actual cost subject to the sales tax is 62.3 cents/gallon) and a cost per gallon of \$1.50, also before state and local taxes are added (actual cost subject to the sales tax is \$1.023).

4. Rental car fee

Communities could be given the authority to levy a tax on fees collected for the use of rental cars. This would probably be in the form similar to a sales tax (e.g. 2%–3% of the rental costs).

Pros:

- Non-residents would pay majority of the fee.
- Does not “piggy back” on current revenue sources (e.g. fuel tax or registration fee).
- Relatively easy to administer.

Cons:

- Very limited revenue base.
- A 3% rental fee is already levied throughout the state.

Estimated revenue

County by county figures were not available, but WisDOT and DOR estimates predict that \$3.35 million will be collected statewide in FY 2001.

5. Payroll tax

An RTA or regional entity could be given the authority to levy a tax on wages paid within the geographic area of the RTA. This fee is utilized by the RTA serving the Portland, Oregon, Metropolitan Area, which levies a 0.6% tax on wages paid within the Portland Area RTA.

Pro:

- Broad revenue base
- Does not rely on traditional transportation revenue sources
- Easy to administer
- Non-residents of RTA would contribute to the RTA
- Tied to economic health of the region, which relies heavily on the transportation system

Revenue estimates for local option sales tax on fuel

<i>County</i>	<i>5% sales tax at \$1.09 per gallon</i>	<i>1% sales tax at \$1.09 per gallon</i>	<i>5% sales tax at \$1.50 per gallon</i>	<i>1% sales tax at \$1.50 per gallon</i>
Kenosha	\$2,339,240	\$467,848	\$3,841,160	\$768,232
Milwaukee	\$12,407,721	\$2,481,544	\$20,374,155	\$4,074,831
Ozaukee	\$1,705,696	\$341,139	\$2,800,846	\$560,169
Racine	\$2,855,823	\$571,165	\$4,689,417	\$937,883
Walworth	\$1,822,658	\$364,532	\$2,992,904	\$598,581
Washington	\$2,046,835	\$409,367	\$3,361,015	\$672,203
Waukesha	\$6,559,620	\$1,311,924	\$10,771,254	\$2,154,251
Dane	\$7,368,607	\$1,473,721	\$12,099,655	\$2,419,931

Source: 1998 VMT and gallon consumption—WisDOT; 1998 average gas price—TDA

Cons:

- Likely to be perceived as anti-business
- Tie to the transportation system is less direct
- Runs contrary to current efforts to reduce income taxes (Oregon does not have an income tax)
- Could create border issues with economic ramifications to counties that apply the payroll tax

Estimated revenue

The following example uses 1998 gross wages (by county) covered by Wisconsin's Unemployment Insurance Law as provided by the Wisconsin Department of Workforce Development. This scenario includes a payroll tax rate of 0.25% and 0.5%.

Revenue estimates for payroll tax

<i>County</i>	<i>0.25% payroll tax</i>	<i>0.5% payroll tax</i>
Kenosha	\$3,576,985	\$7,153,971
Milwaukee	\$42,609,948	\$85,219,896
Ozaukee	\$2,874,948	\$5,749,896
Racine	\$6,221,791	\$12,443,582
Walworth	\$2,320,161	\$4,640,322
Washington	\$3,133,784	\$6,267,568
Waukesha	\$17,584,846	\$35,169,693
Dane	\$19,569,449	\$39,138,898

6. Fuel storage fee

A fee could be applied to fuel storage facilities (typically referred to as “tank farms”) in the general region served by a commuter rail system. The cents/gallon fee could then be distributed to the counties served by the tank farm by a formula that recognized transportation system use in the region, such as VMT. Like the current state gas tax, this fee could be indexed to account for inflation.

This fee was one of two options recommended by the 1998 Milwaukee County Transit Resources Investment Committee as a revenue source to remove transit costs from the property tax levy (a 1% tax on fuel was also recommended). This option was cited as a potential revenue source for any future regional transit or transportation authority developed in Southeastern Wisconsin.

Pro:

- Fee is a regional source that would be tied to the fuel that is primarily distributed in the seven counties of Southeastern Wisconsin.
- Users of the overall transportation (including non-residents) would be paying the user fee.
- Administration of the fee would be easier than a gas tax collected in each individual community.

- The VMT distribution method would be perceived as fair and equitable.
- It is a broad revenue base.
- The fee could also be used to offset property taxes related to other public transit costs.

Cons:

- Continues reliance on auto user fees.
- May not be as applicable to other regions of the state.
- Gas price disparities in adjacent communities, which could create, border issues with economic ramifications.
- Wide fluctuations in gas prices make this revenue source less predictable.
- Current gas prices would make this difficult to implement.
- Was not successful when originally proposed in 1998.

Revenue estimates for fuel storage fee: SE Wisconsin only

County	3¢/gallon storage fee
Kenosha	\$2.52 million
Milwaukee	\$16 million
Ozaukee	\$1.8 million
Racine	\$3.24 million
Walworth	\$1.8 million
Washington	\$2.16 million
Waukesha	\$7.56 million

Source: MCTS Resources Investment Committee

Southeastern Wisconsin system state-local shared participation

(25% of capital cost, 50% of non-farebox operating costs)

Estimated local level for various tax options

System type	State share (\$ millions)	Local share (\$ millions)	General sales tax (%)	Payroll tax (%)	Local gas tax (¢/gallon)	Sales tax on gas (%) (at \$1.50/gal.)
Starter	2.3	2.3	0.07	0.06	1.35	1.35
Full	5.55	5.55	0.04	0.03	0.98	1.0

Dane County state-local shared participation

(25% of capital cost, 50% of non-farebox operating costs)

Estimated local level for various tax options

System type	State share (\$ millions)	Local share (\$ millions)	General sales tax (%)	Payroll tax (%)	Local gas tax (¢/gallon)	Sales tax on gas (%) (at \$1.50/gal.)
Starter	3.0	3.0	0.05	0.04	1.25	1.25
Full	8.15	8.15	0.13	0.10	3.4	3.4

Local option or fee level scenarios

The diagrams (left) reflect the estimated local option tax or fee level needed to address the potential costs related to commuter rail implementation in Southeastern WI and Dane County. These scenarios are based on the following:

- The current cost estimates for the Southeastern Wisconsin and Dane County systems.
- 50% of total capital costs covered by federal funds, with the state and local units of government evenly share the remaining 50%.
- Capital costs are funded through a 20-year general obligation bond at an interest rate of 6%.
- The state and local units of government evenly share the non-farebox operating costs.

Appendix G: Partial list of materials provided to the Task Force

1999

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_____. "Chronology of Amtrak Service in the Chicago/Milwaukee Corridor." handout.

_____. "Comparison of Passenger Rail Services (North American Examples)." handout.

_____. "Federal Programs Relating to Intercity Passenger/High-speed Rail As Authorized by the Transportation Equity Act for the 21st Century (TEA-21)." handout.

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